

# FINANCIAL TIMES

EUROPE'S BUSINESS NEWSPAPER

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Friday August 15 1986

D 8523 B

Chemicals: a new frontier develops, Page 10

Austria	Sch 20	Indonesia	Rp 2500	Philippines	Pes 20
Bahrain	Dh 0.850	Israel	NS 3.50	Portugal	Esc 200
Belgium	Bfr 45	Italy	L. 1500	S. Arabia	Ris 10
Canada	C\$ 1.50	Japan	¥ 100	Singapore	S\$ 4.10
Denmark	Dkr 8.00	Korea	₩ 100	Taiwan	Nt 175
Egypt	E£ 1.00	Lebanon	£ 1.25	Thailand	Bat 20
France	Ffr 6.55	Luxembourg	Lfr 40	West Germany	DM 3.00
Germany	DM 2.20	Malaysia	Mal 4.25	Yemen	Yfr 275
Greece	Dr 200	Mexico	Ms 16.00	USA	\$ 1.00
Hong Kong	Hk\$ 7.75	Netherlands	ƒ 2.20		
India	Rs 15	Norway	Nkr 7.00		

### World news

## Violence escalates in South Africa

Political violence in South Africa increased sharply, with trouble centred on Soweto township near Johannesburg. Black students protesting against the presence of security forces burnt new identity cards and attacked vehicles and homes.

In the black homeland of KwaNdebele, nine blacks killed a 65-year-old woman and security men opened fire, killing one of the attackers, the Bureau of Information said. Nordic Press, Page 2; mines dispute, Page 3

## Marcos 'coup plot'

Philippine Defence Minister Juan Ponce Enrile said he had evidence that supporters of ousted leader Ferdinand Marcos were plotting a fresh coup attempt about the time President Corason Aquino visits the US next month. Aquino's distrust, Page 2

## Seoul riot police

Thousands of riot police cordoned off the headquarters of South Korea's main opposition party to prevent a mass turnout at a rally called to denounce the alleged torture of detained dissidents.

## Bomb hits Beirut

A car bomb ripped through a narrow street in Christian east Beirut in the rush hour, killing at least 20 people and wounding 100. It was the eighth booby-trapped car to explode in the Christian sector this year. Page 3

## Gulf raid killed 16

Sixteen crewmen were killed on the Iranian-owned super-tanker Azarad in Tuesday's Iraqi raid on Iran's Gulf oil terminal at Sirri Island, survivors said. The toll was the highest in a single strike on shipping during the six-year-old Gulf war. Iran moves oil storage, Page 2

## Aid for Contras

The US Senate voted 53 to 41 to approve President Reagan's \$100m package of military aid for Contra guerrillas fighting the left-wing Sandinista government in Nicaragua. Page 4

## Spain-PLO move

Spain granted official status to the Palestine Liberation Organisation (PLO) mission in Madrid in what is seen as an attempt to balance its opening of diplomatic relations with Israel and enhance its role in the Middle East.

## Airlift to Sudan

The Red Cross launched an emergency food airlift to ease the mass starvation that threatens southern Sudan as a result of civil war. Page 3

## Tamil peace talks

Moderate Tamil leaders returned to Sri Lanka from India to resume peace talks with the government. Separatist Tamil guerrillas set off a landmine in front of a military jeep but no one was hurt. Page 2

## Vietnam release

President Reagan welcomed the release of an American citizen by Vietnam. Robert Schwab, 43, of Atlanta, Georgia, was detained more than a year ago when he arrived in a small boat in search of his Vietnamese fiancée.

## Chess game draw

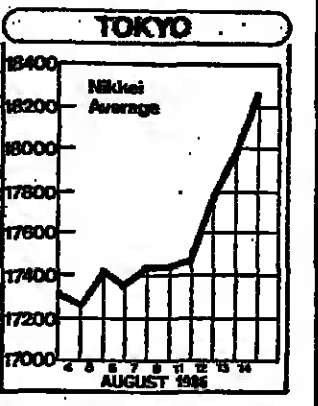
Defending chess champion Garry Kasparov and challenger Anatoly Karпов agreed to draw the seventh game in their world chess championship. The score is 3½ to 3½ with one victory each.

### Business summary

## KLM profit falls by 29%

KLM Royal Dutch Airlines incurred a 29 per cent drop in profits to ƒ 82.2m (\$33.7m) in the first quarter due to smaller revenue resulting from stiffer competition and the sharply lower dollar. Page 13

TOKYO share prices closed higher for the sixth consecutive day fuelled by expectations of co-ordinated interest rate cuts. The Nikkei market average gained 263.95 to finish at a record 18,264.71. Page 32



WALL STREET: The Dow Jones industrial average closed up 0.42 at 1,844.91. Page 32

LONDON: Equities continued to rise and gifts were also higher. The FT Ordinary share index finished 2.3 higher at 1,263.2 and the FT-SE 100 index rose 1.2 to 1,588.2. Page 32

DOLLAR fell in London to DM 2.0620 (DM 2.0700); Sfr 1.6620 (Sfr 1.6700); Ffr 6.7075 (Ffr 6.7350) and ¥153.70 (¥154.25). On Bank of England figures the dollar's exchange index fell 0.4 to 116. Page 25

STERLING rose in London to \$1.4955 (\$1.4980); Ffr 10.0175 (Ffr 10.0175); ¥229.50 (¥229.25) and DM 3.0690 (DM 3.0750) but was unchanged at Sfr 2.4625. The pound's exchange rate index fell 0.1 to 71.4. Page 25

GOLD fell \$0.75 to \$394.75 on the London bullion market. It fell in Zurich to \$394.20 from \$395.50.

In New York the Comex December settlement was \$393.70.

BANK OF FINLAND took a cautious step towards lowering short-term interest rates by cutting the call money rate to 35 per cent from the record 40 per cent level set a week ago to stem speculation against the Finmark. Page 2

EUROPEAN Commission in Brussels and the Bonn Government are launching an investigation into the plans by Daimler-Benz to build a new DM 1.8bn (\$869m) car plant in Baden-Württemberg. There are suspicions that help from the local state government might contravene competition and subsidy regulations in the Community. Page 12

PLESSEY, UK electronics group, increased first quarter pre-tax profits by 10.5 per cent to £63.3m (\$84.3m). Page 17; Lex, Page 12

PHARMACIA, Swedish pharmaceuticals and biotechnology group, reported a 16 per cent increase in profits after financial items for the first six months of this year. Page 13

ASKA, Swedish electrical engineering group, boosted its turnover by 32.3 per cent in the first six months of the year to SKr 22.7bn (\$3.3bn), helped by the invoicing of the Oskarshamn 3 nuclear power station. Page 13

DALLAS real estate syndicator Craig Hall, who has been negotiating since January to restructure more than \$700m in debt, has filed a \$275m damages suit in Del. District court against the Federal Savings and Loan Deposit Insurance Corporation. Page 13

SAGA PETROLEUM, independent Norwegian oil company, reported a doubling of half-year profits over a year earlier to Nkr 342.6m (\$48.8m) despite sharply increased operating costs. Page 14

# Bangemann says German growth on target for 3%

BY RUPERT CORNWELL IN BONN

WEST GERMANY'S gross national product (GNP) grew by between 1.5 and 2 per cent in the second quarter, allowing Mr Martin Bangemann, the Economics Minister, to claim yesterday that the country was on target for a respectable 3 per cent expansion for the whole of 1986.

Mr Bangemann's remarks came at a press conference at which he again seized the chance to reject demands, from the US in particular, that Bonn should do more to stimulate growth. He argued that the second quarter pick-up was proof that West Germany was already doing as much as it could to serve as a "catalyst" for the global economy.

The improved second-quarter performance came after a disappointing first three months when total output contracted by 1 per cent from the final quarter of 1985. It means, according to Economics Minister estimates, that GNP for the first half as a whole was running about 2.5 per cent above the level of 1985.

"In the second half, we need annual growth of up to 3.5 per cent to get 3 per cent for the whole year," Mr Bangemann said. "But recent experience shows that in West Germany, the second half is usually better than the first."

Yesterday's characteristic ebullience on the part of the minister was based on further evidence that domestic demand, chiefly in the shape of corporate investment and private consumption, was taking over from exports as the principal generator of expansion.

Although the real growth of exports was now down to between 1 per cent and 2 per cent, demand at home was running 4.5 per cent ahead of 1985. This in turn had contributed to a jump by imports of nearly 7.5 per cent in volume terms in the first half.

The Economics Minister has also produced detailed figures designed to show that despite appearances to the contrary, Germany's huge merchandise trade surplus, the target of continual attack from Washington, was starting to decline in real terms in response to the recent upward valuation of the D-Mark and the weakness of the dollar.

The ministry maintains that the DM 50.3bn (\$24.2bn) surplus in the first half of 1986 would have dropped to DM 19.7bn had export and import prices stayed at 1985 levels. Instead, import prices were 15 per cent lower thanks to the slump in oil prices and the strength of the D-Mark, while export prices were only 2.8 per cent down. Of the actual surplus, DM 30.6bn was due to price fluctuations alone.

Mr Bangemann said that the upswing would stretch into a fifth year in 1987, accompanied by continuing price stability. Although he refused to venture an exact prediction, Mr Otto Schlei, his state secretary at the ministry, said that current budgeting was based on the assumption of further growth of 3 per cent.

The improvement may also spill over into the employment market. Bonn reckons that 3 per cent growth in 1987 would create a further 300,000 jobs, meaning that nearly 1m would be generated in the three years starting in 1985. For 1986, the ministry is expecting a slight fall in average unemployment to 2.2m from 2.3m last year.

Continued on Page 10

# DKr falls on trade gap fears

BY GEORGE GRAHAM IN COPENHAGEN

THE DANISH krone fell sharply yesterday as concern mounted over the country's balance of payments deficit. The krone displaced the Belgian franc as the weakest currency within the exchange rate mechanism of the European Monetary System as it fell to an exchange rate of Dkr 3.78 to the D-Mark, close to its lowest permitted level.

The non-Socialist minority government is expected today to weaken its longstanding commitment to eliminating the persistent balance of payments deficit, which in the first half of the year rose to a record Dkr 18bn (\$2.3bn).

When the draft 1987 budget is presented today, the government is expected to promise to eliminate the deficit "within the next few years." When Mr Poul Schlüter's administration took over in 1982, it aimed to restore the current account to balance "within three or four years." This was later adjusted to "by 1988."

The government is expected to concede that the current account deficit this year will be of the same magnitude as last year's record Dkr 28.4bn - equivalent to 4.6 per cent of gross domestic product.

The Danish currency has for some time been one of the weaker members of the EMS mechanism, and many analysts were surprised that Denmark did not take the opportunity to devalue at the time of the major EMS realignment called for by France in April.

The krona was, in fact, revalued by 1 per cent then, although the 3 per cent revaluation of the D-Mark led to an effective reduction in its permitted exchange rate band against the major EMS currency.

If the Danish currency's D-Mark exchange rate falls to Dkr 3.78, the Danish central bank is obliged to defend it either by buying it in foreign exchange markets or by raising interest rates.

Currency analysts argue that a devaluation is unlikely in the short run.

Continued on Page 12

# Bundesbank may cut key rates by end of month

BY JONATHAN CARR IN FRANKFURT

THE BUNDESBANK looks set to drop its key interest rates shortly, following its first thorough policy review yesterday after the summer recess.

The cuts could come as early as August 28 when the central bank council holds its next meeting, but at present, a date in September is considered more likely.

The exact timing depends not least on whether the dollar continues its rapid fall and how far rate cuts can be co-ordinated with other leading nations.

Yesterday's council meeting came in the wake of renewed appeals by the US to its partners to take further action to boost economic growth, thus increasing imports and helping to cut the US trade deficit.

The latest appeal is understood to have been relayed to Mr Karl Otto Pöhl, the Bundesbank president, by Mr Paul Volcker, chairman of the US Federal Reserve Board, in talks last weekend.

The Bundesbank has concluded that from the purely domestic viewpoint there is no case for dropping the discount rate, cut to 3.5 per cent in March, or the lombard rate, reduced to 5.5 per cent last August.

It notes that second-quarter economic growth was stronger after a weak start to the year, use of manufacturing capacity is high, industrial investment is buoyant and companies broadly have plenty of cash.

With money supply still exceeding the target set last year, the Bundesbank fears a further relaxation of policy might feed inflation rather than promote real economic growth.

Despite all that, external factors are now counting more heavily for the Bundesbank than when the council held its last, pre-holiday meeting in July.

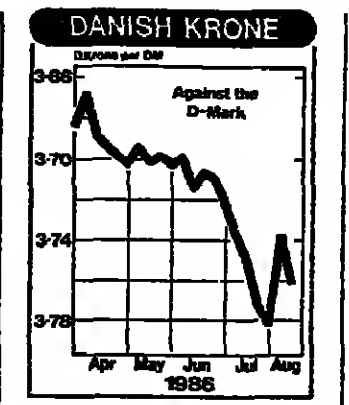
For one thing, the dollar has dropped to around DM 2.06, more than 50 per cent below the level at the start of 1985 and some 20 per cent down on the level at the beginning of this year.

It is feared that if the Fed went along with another cut in the US discount rate (currently 5 per cent) on its own, the dollar rate would drop sharply - further squeezing the price competitiveness of German exports.

It is also recognised that the Reagan administration needs some evidence of help from partner countries if it is to stave off strong threats of protectionist action by the Congress.

The Bundesbank does not believe that a drop of, perhaps, 0.5 percentage point in the German discount rate would of itself have much effect on the exchange rate and trade problems.

But it is felt that action taken at about the same moment with Japan and other European partners could have a psychological impact on currency markets.



DKr falls on trade gap fears

# Guinness sells BP shares in block trade

BY LONEL BARBER IN LONDON

GUINNESS, the UK brewing and leisure group, yesterday announced the first big "block trade" of shares seen in London, by selling its entire 18.8m shareholding in British Petroleum for £108.3m (\$161.3m).

The deal was arranged by UK brokers Hoare Govett and the US investment bank Salomon Brothers.

Hoare Govett and Salomon bought the stake for a net 575p per share and then distributed the block at 570p in the UK and worldwide within 90 minutes. The deal, involving an element of risk as both Hoare and Salomon took the shares on their books as principals, gives a foretaste of the deals expected to feature regularly after the Big Bang deregulation of share trading in London on October 27.

Despite the success of the placing, Guinness has yet to satisfy the London Stock Exchange over the content of its shareholders' circular explaining controversial board changes involving the appointment of Mr Ernest Saunders as group chairman and chief executive. Hard bargaining is continuing and the circular is likely to be delayed until next week.

The stock exchange, backed by the Bank of England and the Department of Trade, wants a public expression of regret and a full account of why Guinness scrapped the pledged appointment of Sir Thomas Risk, Governor of the Bank of Scotland, as non-executive chairman, following the successful £2.5bn takeover of Distillers.

The BP stake was inherited in the takeover of Distillers last spring, and Guinness had made it clear that it intended to sell the shares.

Mr Simon Duffy, Guinness finance director, said he had been inundated with inquiries about the disposal which had depressed the BP shares price. This was exacerbated by the fall in the oil price.

But following the Opec agreement on output last week, oil prices recovered and BP shares rose. "Salomon bid a firm price for the shares this week and we went ahead," Mr Duffy said.

Rumours of the big placing sent BP shares falling 5p yesterday morning, but Salomon and Hoare stuck to the original terms of a 3 per cent discount on Wednesday's closing price of 590p. "It was a gutsy performance," Mr Duffy said.

Hoare Govett took 80 per cent of the BP stake and placed the shares with about 125 UK institutions. The issue was five times oversubscribed.

Salomon distributed its own share block worldwide, with the Far East and Australia featuring prominently. Only a small proportion went to the US, according to Mr Stephen Brisby, vice president responsible for UK corporate finance at Salomon in London.

The Guinness stake represents around 1.03 per cent of BP's ordinary shares. The shares stood at 535p when Guinness took over Distillers and closed last night up 8p at 589p.

Continued on Page 12

# Bhutto is held after riots in Pakistan

BY MOHAMAD AFTAB IN ISLAMABAD

PAKISTAN'S security forces arrested Miss Benazir Bhutto, the country's most prominent opposition leader yesterday, shot dead four of her supporters and wounded several more as anti-government riots erupted in the cities of Lahore and Karachi.

Other top opposition leaders and their supporters across the country were also arrested, adding to the hundreds of political activists detained earlier this week.

Police used baton charges, tear gas and bullets to quell the worst political unrest since eight years of martial law ended and a civilian government was installed last December.

In Lahore about 1,000 protesters stoned riot police, overturned cars and set them ablaze in running battles with police which lasted two hours.

Miss Bhutto, leader of the Pakistan People's Party and daughter of the former Prime Minister Zulfikar Ali Bhutto, had earlier defied a government ban on political rallies and demonstrations by leading her supporters in a major show of strength on Independence Day.

She was served with a 30-day detention order as she addressed a crowded press conference in Karachi. Before being led away to the city's central jail, Miss Bhutto said that over 1,000 supporters of the 10-

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 FT/G/9



OVERSEAS NEWS

Aquino's distrust of deputy highlights cracks in coalition

PRESIDENT Corason Aquino's refusal to allow her Vice President Mr Salvador Laurel to run the Philippine Government...

Samuel Senoren reports on moves in Manila which may put the Government at risk

Mr Samuel Senoren, a member of the government during the absence of Mr Aquino, reports on moves in Manila...

Tamil leaders arrive for Colombo autonomy talks

THE leaders of the separatist Tamil United Liberation Front (TULF) arrived in Colombo from Madras yesterday...

Iran moves oil storage away from Kharg Island

IRAN IS shifting its oil export transshipment operations to its new floating storage terminal close to the Straits of Hormuz from Sirri Island...

Nordic nations to seek UN sanctions

FOREIGN MINISTERS of the five Nordic countries will work for the introduction by the UN this autumn of effective trade sanctions against South Africa...

This was decided yesterday by the ministers from Denmark, Finland, Iceland, Norway and Sweden at their routine half yearly meeting in Copenhagen...

They pledged themselves to work actively at the UN to obtain agreement on a contingency plan for economic assistance to South Africa's neighbour states in the event of reprisals against these countries by Pretoria...

However, the communiqué issued after yesterday's foreign ministers' meeting said the working group will consider further Nordic measures, including a joint trade boycott.

This appears to leave open the possibility that if the UN Security Council fails to act, Sweden may impose a trade boycott, although this was not spelled out in so many words by Sweden's Foreign Minister, Sven Andersson, yesterday.

Mr Invar Carlsson, who heads Sweden's Social Democratic Government, has been accused by opposition leaders of dragging his feet over sanctions and betraying the anti-apartheid principles of his assassinated predecessor, Mr Olof Palme.

If sanctions were imposed, Sweden would stand to lose more than any of its Nordic neighbours because of its extensive trading links with the Republic, particularly in exports of machinery for the vast South African mining industry.

In Finland, trade with South Africa has fallen steeply because of a ban on handling goods by the Transport Workers union which has hit paper exports. Co-operative retail stores have also imposed a voluntary boycott of South African fruit.

Apart from blacklisted videos which are advertised by word of mouth, forty officially registered private video rental clubs cater to the hunger for recent Western films which the Polish Government cannot afford to buy.

Registered private video rental clubs cater to the hunger for recent Western films which the Polish government cannot afford to buy. The clubs are kept well supplied by Foley, returning from trips to the West and by foreigners. When the films are screened for content and cleared, and Polish customs has extracted duty, the video clubs advertise their films in the local newspapers at Zl 5,000 (£50) per video for a 24-hour rental.

Spain may not meet 3% growth target, warns central bank

SPANISH MAY fall short of its 3 per cent growth target this year if the major Western economies fail to show more decisive signs of recovery, the Bank of Spain warns in its latest monthly economic bulletin.

This is the second time that the re-elected Socialist Government's target has been called into question. A recent European Commission report predicted 2.7 per cent growth this year and a similar advance next year, when the Government has been aiming to push the rate up to 3.5 per cent.

The Government is pushing to raise the growth rate substantially from last year's 2 per cent in a bid to bring down unemployment, now close to 3m, or 21.5 per cent of the workforce, according to official second-quarter figures. These figures confirmed a recent improvement, with the number of jobs increasing fast enough to absorb the growth of the workforce.

Mr Carlos Solchaga, the minister of the strength of that because of the strength of the unemployment rate is more like 15 per cent.

The central bank report indicates growth of 3 per cent in the first half, compared with the same period last year. But, after last year's strong second half, it warns that the economy may not be able to provide the spurt needed to achieve a 3 per cent rise for the year as a whole.

It predicts a rise of almost 8 per cent in investment in real terms, helped by a recovery in the construction sector. Private consumption has also been rising. Exports of goods and services, however, are expected to show an increase in real terms of barely 2 per cent, compared with a 7 per cent growth in imports.

Spain lost about 3 per cent in competitiveness against its EEC trading partners during the first six months, after gaining ground throughout most of 1985, the bank says. This reflected the stability of the peseta and a widening inflation gap between Spain and the rest of the Community. Allowing for the impact of value-added tax, introduced in January, the Government is aiming to hold inflation this year at the 1985 rate of 8 per cent, and to halve it next year.

However, the Bank of Spain warns that inflation is showing "symptoms of resistance".

Finland lowers call money rate to 35%

THE BANK of Finland yesterday took the first cautious step towards lowering short-term interest rates from the record levels established a week ago when it reduced the call money rate from 40 to 35 per cent. It said the foreign exchange markets had stabilised further, allowing the modest reduction.

In a series of dramatic moves last week, the bank raised the call money rate—the rate at which it lends to the banks—from 10.8 per cent to 25 per cent and then to 40 per cent in a bid to stem a growing tide of speculation against the Finnish mark.

The authorities have repeatedly ruled out a devaluation and have chosen to hoist interest rates as their main means of restoring confidence in the currency. While the move has checked the outflow, it is still far from clear that the crisis is over.

Since the beginning of the year Finland's net reserves of convertible currencies have been more than halved.

Turkey 'warns' US over pact

THE UNEASY relationship between Turkey and its major military ally, the US, grew slightly more tense yesterday after Mr Vahit Halefoglu, Foreign Minister, criticised what officials in Ankara described as "negative developments" in the US Congress.

The message, described as a warning to the US in the Turkish press, said that Mr Halefoglu had cancelled a visit to Washington due on September 10.

Mr Halefoglu is standing as a candidate in by-elections on September 28, but has not cancelled other top-level diplomatic appointments.

Western diplomats in Ankara say that Turkey is becoming increasingly angry at the failure to reach agreement with the US on a new defence and economic co-operation agreement.

The 1980-85 agreement expired on December 18, but its terms remain in force until a new agreement is reached.

Turkey would like the new agreement to guarantee it more military aid over the five-year period, something that the US Congress is unlikely to agree to.

US aid to Turkey runs at more than \$900m a year, making Turkey the world's largest recipient of US aid after Israel and Egypt. But Turkish officials have consistently maintained that aid on this scale is not sufficient to keep the 600,000-man Turkish army at a level necessary to meet its Nato commitments.

The US is believed to be relatively satisfied with the present arrangements and does not believe that its long-term alliance with Turkey is in any danger.

Turkey is expected to notify the US by September 18 that it still insists that the terms of the 1980 treaty must be revised.

Eurotunnel signs main contract

EUROTUNNEL, the Anglo-French consortium planning to build a 30-mile rail tunnel under the English Channel, has signed the main construction contract for the project. It hopes the signing will open the way to reaching loan agreements for more than £5bn (\$7.5bn) with 38 international banks.

The failure to sign the main construction agreement has delayed the financing of the tunnel and last month caused the consortium to postpone until the autumn a planned £200m international share placing.

The banks have been concerned at the wording of the construction contract which, they felt, was too much in favour of the contractors and did not sufficiently identify financial responsibility should the project run over budget.

The contract has now been revised, and the consortium, after discussion with some of the leading financing banks, felt sufficiently confident to go ahead with the signing at a board meeting in Paris late on Wednesday night.

A series of corporate agreements were also signed, officially establishing the company which will start life with £41m in equity subscribed by the founding shareholders and another £2m promised in loans.

Details of the contract will be sent to all the funding banks with a request that they reconfirm their financial commitment to the project by the middle of next month.

The £200m share placing would then be expected to go ahead in October.

EUROPEAN NEWS

Leslie Colitt describes how the VCR is eroding central control of information in Communist countries

Video films feed East bloc appetites for the West

LECH WALESA is still leading Solidarity, Eastern Europe's first independent trade union, to victory in Gdansk—at least on video recorders playing to appreciative audiences in cramped Polish flats.

The Solidarity film is being distributed by an underground publishing house which has branched out into a booming industry in Poland—video rentals. Church parishes are using their newly-bought video recorders to screen Pope John Paul II's triumphal visit to Poland in 1983 and the emotional funeral of Father Jerry Popieluszko, who was murdered by Interior Ministry officials in 1984.

The video recorder is rapidly eroding the Communist party's control of information and culture in Poland, a process begun years ago with the Polish language broadcasts of Western radio stations. Well over 100,000 private video recorders in Poland are being fed with an official and often illegal domestic videos and with a flood of imported Western cassettes.

Polish workers and intellectuals squeeze into tiny darkened flats to see the latest illegal hard pornographic videos smuggled from the West.

Chernobyl disaster report delivered to IAEA by Soviets

THE SOVIET Union yesterday delivered to the International Atomic Energy Agency (IAEA) in Vienna its report on the nuclear reactor disaster at Chernobyl—but only in Russian, and not also in English as promised.

The Russians are trying to minimise publicity for its cooties until the start of the week-long "post-mortem" on the accident in Vienna on August 25-29. One copy only was sent to each of the nuclear missions in Vienna of the IAEA member-states.

The accident report is to be the working document for the post-mortem, to which the Soviet Union agreed while it was still trying to stop the radiation leaking from the stricken 1,000 MW reactor.

Since then, Moscow has tried to change the basis of the international meeting, with suggestions that it should also examine other accidents, such as the meltdown at Three Mile Island in the US in 1978 and at Windscale in Cumbria, north-west England, in 1957.

The IAEA has resisted the idea, and has insisted that the investigation should be devoted to the Chernobyl accident from which 31 people have since died.

IAEA member-states have been invited to send a small team to attend the main plenary sessions of the conference and larger supporting teams which can participate in the detailed working sessions in mid-week.

One of the questions this group is most anxious to resolve is precisely how the accident started.

There is strong circumstantial evidence of design weaknesses in the automatic control of the unique Soviet RBMK-type reactor, about which Moscow has previously released few design details. The accident report is expected to remedy previous omissions.

Dr Ivan Emelyanov, one of four senior officials dismissed after the official inquiry, was leader of the design team for this dual-purpose reactor, capable of making military-grade plutonium as well as power.

Academician Vitalii Legasov, a deputy director of the Kurchatov Nuclear Energy Institute, has said design was partly to blame for the accident, in which several evolutions, all considered remote possibilities, had coincided.

Reuter adds from Moscow: Six more senior Soviet energy officials have been thrown out of the Communist Party or severely reprimanded for errors which led to the Chernobyl accident, the party newspaper Pravda said yesterday.

Among them were Mr Alexei Maklakhin, a First Deputy Minister for Power and Electrification, and Mr V. Sidorenko, the First Deputy Chairman of the State Committee for Safety in the Atomic Power Industry.

The Chernobyl disaster cost Norway about Nkr 250m (\$33m) in lost tourism, tourism officials in Oslo said yesterday.

The Norwegian Tourism Association said that bookings in Norway from Japan and the US had fallen immediately after the Soviet nuclear plant accident.

Bookings had fallen off between 20 per cent and 50 per cent to Norway, an official added.

Norwegian hoteliers plan to claim compensation from the Oslo Government for lost revenue.

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# Beirut bomb kills 20 and injures 100

BY NORA ROUSTANY IN BEIRUT

A MASSIVE car bomb rigged with an estimated 100 kg (220 lb) of explosive ripped through a narrow street in a Christian suburb of Beirut yesterday, killing at least 20 people and wounding 100 others.

It was the eighth booby-trapped car in hit Christian areas since the beginning of the year and capped mounting tension among rival Christian militias in the wake of bloody weekend battles. The bombing rocked the Dora district at the midmorning rush hour, trapping residents in debris, smoke and blazing flats. It coincided with the reappearance of gunmen in residential neighbourhoods of the Christian Ashrafieh sector and a crucial meeting of the Phalange Party Politburo.

Mr George Saadeh, chairman of the Phalange Party, which is the predominant Christian political organisation, suspended the meeting for two hours pending a stabilisation of security conditions on the ground. The car bomb was perilously close to a petrol station and 100 yards away from the St Joseph Hospital where Mr Fuad Abu Nader, the former Christian militia commander and nephew of Lebanese President Amr Gemayel, was recovering from a failed assassination attempt.

No one claimed responsibility for the attack, which underlined the dangers of an internal power struggle for the leadership of the United Christian Militia, the Lebanese forces. The Phalange Party Politburo, which has been trying to manage the crisis since Sunday, declared yesterday that it had asked the 12-man executive committee of the Lebanese forces to take immediate and necessary measures to enforce law and order.

The statement suggested that Mr Samir Geagea, the hardline commander of the Lebanese forces, whose authority was seriously challenged in the recent clashes, still enjoyed the political backing of the Phalange Party to steer the fragmented Christian community out of this critical juncture.

# Red Cross launches food airlift to Sudan

By Mary Anne Fitzgerald in Nairobi

THE Red Cross launched an emergency food airlift yesterday to the southern Sudan to help tackle mass starvation resulting from civil war in the area.

# Singapore withdraws 14 charges against Malay businessman

BY WONG SULONG IN KUALA LUMPUR

SINGAPORE authorities yesterday indicated they would withdraw 14 criminal charges against Tan Koon Swan, the Malaysian businessman and politician who has pleaded guilty to a minor charge of abatement of criminal breach of trust in connection with the collapse of Pan-Electric Industries.

Electric in committing criminal breach of trust involving S\$14,000 in September last year. Tan told the district court he intended to plead guilty to the amended charge when the case comes to the High Court on August 25. Bail has been reduced from S\$40m to S\$1m.

# NUM wage dispute under conciliation

SOUTH AFRICA'S Manpower Minister has appointed a conciliation board in an effort to settle a six-week-old wage dispute between the Chamber of Mines and the 230,000-strong black National Union of Mine-workers (NUM).

The board has 30 days in which to call a meeting of the two sides in the dispute and only if it fails to bring them together can the NUM call a strike ballot of its members.

# UK unions urge pensions disinvestment

BY DAVID BRINDLE, LABOUR CORRESPONDENT

THE British Trades Union Congress (TUC) is advising trade union trustees on pension funds to press for emergency funds to discuss withdrawing investments in South Africa.

In a report published yesterday, the TUC says the risks of maintaining investments in South Africa in the current political and economic climate are such that trustees could be ignoring their long-term fiduciary duties if they fail to urge the return of assets.

The report, South Africa - A Bad Risk for Investments - is to be circulated to what the TUC calls "key investment decision-makers." It is intended to provide trade union pension fund trustees, in particular, with evidence to support the case for disinvestment.

Mr Henry James, director of the National Association of Pension Funds, said yesterday: "This is a very important document. Any responsible trustee would have the South African issue on their agenda."

The report admits that investors pulling out of South Africa could suffer by having to convert out of rands at the financial, rather than the commercial, rate. However, it argues that this is justifiable when set against the danger of losing assets altogether in a possible collapse of the apartheid economy.

Wage discussions broke down early in July after the Chamber had implemented interim wage increases ranging from 15 per cent to 20 per cent. The NUM had reduced its wage demand to 30 per cent across the board from 40 per cent demanded at the start of this year's wage negotiating round.

Labour experts in Johannesburg are not optimistic that the board will be able to bring about a settlement. On Tuesday other board wage talks were held between the NUM and East Rand Gold and Uranium (Ergo), with the NUM sticking to its demand for a 30 per cent wage increase and Ergo only prepared to offer increases ranging from 16 per cent to 19 per cent.

# Two die as S. African violence escalates

THE South African Government yesterday reported a sharp escalation in political violence, apparently centred on schools in the sprawling black township of Soweto outside Johannesburg.

The bureau, which until this week said violence was on the decline, reported a sharp increase in unrest-related incidents on Wednesday.

Incidents had been in Soweto where 11 vehicles and two private homes had been set ablaze.

Witnesses said pupils protesting against the presence of security forces burned newly issued identity cards and attacked vehicles and homes there yesterday.

While they bargained, Gen Chavalit Yongchaiyudh, the shrewd new army Commander-in-Chief, played an active but discreet part, liaising from Bangkok with the Prime Minister who has been in the capital since the time quickly to a garrison town 200km away.

The bureau for information, sole source of official information on unrest since a state of emergency was imposed two months ago, also reported two deaths in the tense black homeland of KwaZulu, north of Pretoria.

It said more than half the women with burning tyres. Security forces fired on the crowd, killing one of the attackers, the bureau said.

The African National Congress (ANC) guerrilla organisation yesterday rejected a South African Government offer to organise elections among the black majority to find leaders willing to negotiate with the Pretoria authorities.

Col Garang says he is seeking the repeal of Islamic Sharia law, a greater share in the government for the non-Muslim southerners and fresh national elections.

In the process, the parties had to allow three of the most important ministerial posts to go to Gen Prem's own non-elected appointees: Defence, External Affairs and the new annual military reshuffle which is now bound to favour the Prem-Chavalit factions in the army; interior, which controls the police; Thailand's provincial government system; and elections; and finance, which is the key to economic strategy.

Gen Prem is also blamed for the country's economic problems during the six years he has held office. His previous Finance Minister is blamed for a 215.5m, or about 21.5 per cent of foreign exchange earnings. It is likely to continue to increase this year and next, although economists now expect it to be within safe limits.

Gen Prem's supporters praise him for having maintained the stability of the parliamentary system. His detractors say he is indecisive on policy issues, and that his benign image belies a ruthlessness in removing possible rivals.

Some of his aides say he is making a new effort to improve the organisation of the powerful PM's Office (which has six full ministers and five deputy prime ministers out of a Cabinet of 44). This could mean a more active political role for the new army Commander-in-Chief as well, who has said he will retire early in two or three years' time, leading to speculation that he is preparing to succeed Gen Prem.

The likelihood is that Gen Prem's personal initiatives will remain limited to such matters as the selection of his ministerial technocrats and military promotions. Both Gen Prem and Gen Chavalit still have rivals in senior command positions, and the new army promotions list, due out in the next few days, should show whether

THAILAND'S new coalition Cabinet, announced on Monday after 15 days of haggling, shows just how much power still rests with the military and to a lesser extent, the civilian establishment and the new king, is in the hands of the voters.

Despite some rash election promises to the contrary, the leading parties, none of which won an absolute majority in the July 27 general election, soon realised they would once more have to back the reappointment of (retired) Gen Prem Tinsulanonda as a non-elected Prime Minister.

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# Thai military retains powerful role in politics



Prem: accused of indecision reports from Bangkok on the policy goals of the new Government

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AMERICAN NEWS

Senate likely to pass sanctions package vote

BY REGINALD DALE, US EDITOR IN WASHINGTON

THE Republican-led US Senate is today expected to brush aside President Ronald Reagan's opposition and approve a package of new US economic sanctions against South Africa.

The stage for the sanctions vote was set late on Wednesday night, when the Senate voted by 53 to 47 in favour of Mr Reagan's \$100m (\$67m) aid package for Nicaragua's Contra rebels, including \$70m in military assistance.

In complex procedural manoeuvres over the past two weeks, the two issues had become linked in a deal under which some Democrats eased their opposition to the Contra aid, in exchange for Republican willingness to bring sanctions to a floor vote before the three-week August recess that is due to begin tonight.

Mr Reagan, as a result, is almost certain to be banded one big foreign policy victory and one severe defeat. Approval of the Contra aid, which has already passed the House of Representatives, is a major achievement for the President after an uphill six-months struggle on Capitol Hill.

On South Africa, however, it looks as if Mr Reagan will have to take US policy out of his hands. The Senate decided by 89 to 11 to bring sanctions to a floor vote, suggesting that sanctions supporters could easily override a Presidential veto by the required two-thirds majority.

The final shape of the sanctions package, however, was still unclear yesterday, as the Senate began two days of debate on more than 50 amendments to the package of measures approved by its foreign relations committee

Reagan considers defence bill veto

BY OUR US EDITOR

PRESIDENT Ronald Reagan and his Republican allies on Capitol Hill were yesterday considering moves to counter an unprecedented string of mandatory arms control provisions passed by a disgruntled, Democrat-controlled House of Representatives this week.

The White House said that Mr Reagan might veto the entire defence authorisation bill, if the provisions were attached, if the unworkable amendments remained in the final version of the bill to be submitted to him in the Autumn.

In the House, the minority Republicans were planning a possible attempt to vote down the bill when it comes in final passage, probably today. Their hope was to assemble enough liberal Democrats, who often vote against defence spending bills for quite different reasons, to block final passage.

If the bill were defeated, the Pentagon would be left without policy guidance for defence spending, although the process of actually appropriating funds would continue. Congressional aides said that the House would probably have to draft a new authorisation bill in the Autumn, and/or waive procedural rules so that appropriations could be made without prior authorisation.

The Republicans were also expected to try to force a second vote on the production of new US chemical weapons, which the House decided to delay for a year by a single vote margin on Wednesday night.

In other moves to Administration policy, the House has extended a moratorium on the testing of anti-ballistic weapons for another year and cut more than \$2bn from Mr Reagan's Strategic Defence Initiative (Star Wars).

The House also voted to withhold funds for strategic weapons testing in the US above the limits set by the 1978 SALT 2 arms control treaty, repudiated by Mr Reagan in May, and to require a one-year ban on all but the smallest US nuclear weapons tests if the Soviet Union agreed to a similar ban with on-site verification. It cut the overall defence authorisation from \$227bn to \$26bn, almost \$4bn less than Mr Reagan requested.

Announcing the threat of a presidential veto, Mr Larry Speakes, the White House spokesman, said the Administration would take it "very seriously" if Congress tried to link the executive branch in its conduct of foreign policy.

Doreen Gillespie on moves to cope without foreign financing Peru prepares to go it alone

THE Peruvian government is nursing its reserves as it prepares to do without foreign financing whether or not the country is declared ineligible for further loans at the International Monetary Fund's meeting today.

Peru is unlikely to receive foreign finance, investment or increased export revenue whichever way the IMF decision goes. But officials estimate that careful nursing of reserves — mainly by restricting debt payments — will take them through the next 18 months at least.

Net international reserves of \$1.5bn at the beginning of April had fallen to \$1.2bn by the middle of July before Peru prepared to make a \$35m goodwill payment to the IMF out of arrears of \$180m.

Officials expect the two-year ban on foreign remittances decreased at the end of July to prevent an additional \$400m from leaving Peru over the next few years. The ban was extended this week to include repatriation of foreign investment and remittances in kind as well as dollars.

The main companies affected are Asarco's southern Peru Copper, Peru's main copper producer, and Occidental Petroleum Del Peru which produces half the country's crude oil. Both are committed to reinvest \$197m

in jungle exploration over the next five years under new contracts signed with Petroperu in March. Occidental has resumed drilling in the northern jungle for the first time in three years. It has also started preliminary exploration in a new central jungle block neighbouring Royal Dutch Shell which has been exploring in the central southern jungle for the past four years.

Meanwhile the Central Bank is using growing foreign exchange controls to offset lack of foreign credit and low international prices for oil and metals exports. Cash flow from exports fell by 17 per cent in the first half of the year to \$1.45bn compared with \$1.49bn in the first half of last year. The fall in oil and metals exports which now make up half Peru's \$3bn a year exports was offset partly by higher exports of other traditional goods like coffee and cotton.

Peru is also limiting use of private banks to prevent cash from being sent to the international market

and that it expects to be declared ineligible.

This would mean that Peru ceases to receive disbursements of World Bank and Inter-American Development Bank loans. It would also almost certainly mean that negotiations with the country's leading bank creditors would remain stalled. Peru wants to put new proposals to the banks in September, but the banks' agreement to meet is likely to depend heavily on the IMF's decision.

The Government is continuing an increased local demand, fuelled by higher purchasing power and import restrictions on finished products, to contribute to a 6 per cent growth in the economy this year.

Mr Luis Alva Castro, the Prime Minister, told Congress at the end of July that the gross domestic product had grown 3.9 per cent in the first half of 1986 compared with the first half of last year. Sectors showing the biggest growth are fishing, construction, electricity and industry, offset by zero growth in agriculture and a fall in the mining and petroleum industries.

Major state-financed projects are limited to completing hydroelectric plants and transmission lines already in construction and the construction of a mass transport electric train in the city of Lima.

But independent economists are beginning to accept the government's forecast of 6 per cent growth in 1986 largely through improved performance of the manufacturing industry. Economists do not believe Peru will have the foreign exchange to import the raw materials needed to continue to grow at a similar rate next year. But President Alan Garcia, who says the government will ensure wages will outpace inflation (6.7 per cent for the 12 months to end July) plans to restructure industry for greater use of local resources.

Independent analysts say this will mean even greater state controls on the economy while protectionist measures drive Peru into dangerously increasing international isolation.

US tax reform hurdle cleared

BY NANCY DUNNE IN WASHINGTON

THE TWO tax reform leaders of the House and Senate, Congressman Dan Rostenkowski and Sen Bob Packwood, have reached agreement on new corporate taxes, which could clear the way for final passage of historic tax legislation.

The two committee chairmen agreed after an all day private meeting yesterday on a plan to raise business taxes by \$12.4-12.9bn (\$8.5-9.7bn) over the next five years. However, their plan has yet to be accepted by the House-Senate conferees who have been struggling for weeks to resolve differences in the tax reform efforts of both chambers.

If the scheme is rejected by either side—and rejection is much more likely in the Senate than the House—then tax reform efforts will be delayed by the three-week summer recess. Some legislators worry that the delay could give opponents of tax reform time to undermine their efforts.

The conferees committee has agreed to try for weeks to resolve differences in the tax reform efforts of both chambers.

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Rehnquist wins Senate body

BY NANCY DUNNE IN WASHINGTON

THE US Senate Judiciary Committee yesterday approved the nomination of Mr William Rehnquist as Chief Justice of the US Supreme Court by a vote of 13-5, ignoring charges that he was insensitive to the rights of minority groups.

Opponents of the nomination — which include civil rights activists, feminists and some key Democrats, have argued that Mr Rehnquist is "too extreme" in his conservatism to lead the Supreme Court. With little chance that the nomination could be defeated, they launched a desperate search for an issue to kill the nomination.

Questions have been raised about Mr Rehnquist's addiction to alcohol, which has caused a drug taken to ease a chronic back injury, and it has been suggested that he was less than honest in previous testimony about activities to prevent black Democrats from voting in the '60s.

The committee is also expected to approve the nomination of Mr Antonin Scalia as an Associate Justice in a separate vote.

The nominations are expected to win full Senate approval next month.

Washington unveils \$266m border drugs crackdown

THE REAGAN Administration yesterday unveiled what it described as an unprecedented new programme aimed at halting the flow of illegal drugs and other contraband smuggled across the US-Mexican border.

Mr Reagan's spokesman said the programme will involve sophisticated surveillance equipment, aircraft and weapons, the creation of a special anti-drug task force of several hundred US law enforcement agents, and US military support.

The programme began on July 1, but announcement of it was held up until after yesterday's meeting between President Reagan and Mexican President Miguel de la Madrid, of Mexico, which produced a joint declaration of war on drugs.

Officials said the programme was the first enforcement initiative in Mr Reagan's widely publicised new national crusade against channelling the aid to the Contras through the Central Intelligence Agency (CIA) as the Administration would have liked. The Senate, on the other hand, approved the use of US military advisers to train Contra forces in Honduras and Costa Rica.

Argentina moves to boost foreign investment

BY TIM COONE IN BUENOS AIRES

A MAJOR boost to foreign investment and export growth is the principal objective of a series of new economic measures about to be launched by the Argentine Government.

Of particular importance is a plan to capitalise part of Argentina's foreign debt, which, along with proposals to grant a tax amnesty on undeclared property and capital sums held by Argentine citizens both inside and outside the country, will be formally announced by Mr Mario Brodermann, the Finance Minister, on Wednesday.

The capitalisation scheme, similar to that being proposed for other major debtors such as the Philippines, will enable holders of Argentinean debt, mainly foreign banks, to sell their holdings to the government, which will then be able to invest in Argentina.

Bankers in Buenos Aires say the scheme will be particularly attractive to smaller foreign banks holding Argentinean debts, which wish to extricate themselves from the danger of further exposure during each renegotiation cycle of interest payments on Argentinean foreign debt.

All the creditor banks club together in proportion to their existing exposure to finance each renegotiation package. The capitalisation scheme will therefore create greater opportunities for banks to reduce their exposure in Argentina at the same time as boosting foreign investment.

Within Argentina, export-oriented industries are to be the main beneficiaries of any new investment under the scheme.

To keep the likely inflationary effects in check, the proposals include the creation of a package of approximately \$40m of debt each month which will be placed on offer. The bidder who offers the highest amount of counterparty funds (i.e. higher than the minimum one-to-one requirement of fresh funds) will be able to participate in the plan. The proposals are expected to be presented for debate in Congress next week.

Meanwhile, Dr Roberto Lavagna, the Foreign Trade Minister, said on Thursday that new export incentives are

to be announced next week aimed at boosting industrial exports by \$500m over the next year.

A range of industrial raw materials are to have import restrictions lifted under a "temporary admission status" provided that the final goods are re-exported with a value of between one to three times the value of the imported raw materials.

In addition, the annual interest rate payable on lines of credit to foreign purchasers of Argentinean manufactured goods is to be reduced from 6.5 per cent to 4.5 per cent. Together with a previously announced export promotion scheme involving finance and support to exporters, Dr Lavagna said that Argentinean industrial exports could be expected to increase by \$1bn over the coming year.

WORLD TRADE NEWS

US suffers \$8.8bn deficit on electronics

BY LOUISE KEHOE IN SAN FRANCISCO

THE US electronics industry turned in a record trade deficit of \$8.8bn in 1985 with exports of \$35.6bn outpaced by imports of \$44.4bn, according to figures released this week by the American Electronics Association.

Last year the US's largest electronics trade surplus was \$2.4bn with the UK, while its largest electronics trade deficit was \$1.7bn with Japan.

Canada was the largest buyer of US electronics goods and services, while the US purchased more electronics products from Japan than from any other country.

The association said that the US electronics industry exported \$4.5bn in goods and services to Canada last year. The next largest buyers were the UK (\$3.6bn), Japan (\$3bn), West Germany (\$2.7bn) and Mexico (\$2.2bn).

Exports to France were \$7bn, to the Netherlands \$1.5bn, to Singapore \$1.2bn and to South Korea and Australia \$1.1bn.

Japan's \$20.7bn of electronics exports to the US was a record, the national trade group said. Other major exports to the US included Taiwan (\$3.5bn), Canada \$2.8bn, Mexico \$2.5bn, South Korea \$2.4bn, Singapore \$2.3bn, West Germany \$1.7bn, Hong Kong \$1.6bn, Malaysia \$1.4bn and the UK \$1.3bn.

Following the UK on the US trade surplus list were Canada, France, the Netherlands and Australia.

AP-DJ reports from Washington that the Japanese government will have to negotiate a bilateral agreement with the US to restrict Japan's machine tool exports or "face a decision on import quotas" that the US could impose by late November, Mr Bruce Sauer, US Commerce Under-Secretary said yesterday.

He told reporters he would begin negotiations with the Japanese Government in Tokyo next week on a proposed five-year "voluntary" restraint agreement.

Airlines are positioning themselves to take advantage of an expected travel boom, reports Steven B. Butler Korean Air seeks new routes to passenger profits

A "TIME-BOMB" is sitting under the market, says Mr Y. S. Lee, vice-president of Korean Air Lines for passenger marketing and sales.

Personal incomes in South Korea are rising rapidly. The country's trade and current accounts are swinging firmly into the black, reducing government concern about a possible drain of foreign currency.

There is huge pent-up demand for overseas travel, and government officials consider that travel restrictions on South Koreans will be eased in the coming years.

In the meantime, overcapacity is increasing on routes to Seoul as airlines position themselves to take advantage of the expected increase in traffic.

Faced with rising competition, Korean Air Lines (KAL) the national flag carrier, is locked into an unprofitable route structure while a bitter dispute with the US over aviation rights has blocked the way to new destinations that might bring its passenger operation back into the black.

The entry of Swissair into the market earlier this year raised capacity to Europe by 25 per cent at a time when load factors were only at 60 per cent.

If British Caledonian begins flying to Seoul next year, which it is currently considering, capacity will be increased by another 25 per cent and all the carriers will be hit—at least until the travel "time bomb" explodes.

A rate-cutting war broke out earlier this year, but when the European carriers discovered that slashing fares did not stimulate demand they held talks with Korean Air, which agreed to maintain floor prices. Mr Lee of KAL says the agreement has worked so far.

The partial patching of one revenue drain provided some relief for Korean Air, which in 1985 carried more than 6m passengers, making it the tenth largest airline in the world, according to the company.

Korean Air maintains an extensive network of routes to Europe, North America, Southeast Asia, the Middle East, and Japan. In the past profits made flying to the Middle East and Japan made up for losses on other destinations.

But the decline of construction activity in the Middle East has prompted a steep decline in business, pushing KAL's

overall passenger operation into the red.

Company officials say they are looking to the North American market, where they currently fly to New York, Los Angeles and Honolulu, to make up for the loss of profits.

They have pinned their hopes on obtaining landing rights in Oakland and Chicago, as well as the right to fly beyond US cities to other destinations.

But these hopes have become bogged down in a dispute with the US over aviation rights that has spilled over into public bitterness several times in the past year.

In 1978 the US and South Korea concluded and later confirmed in diplomatic notes an agreement that would grant KAL landing rights in New York in exchange for the granting to US carriers rights to handle their own cargo at Seoul's Gimpo airport.

The diplomatic notes, exchanged in 1979, further specified that Seoul would undertake to build a cargo facility by March 1981 to facilitate self-handling of all inbound and outbound cargoes by US carriers.

Another set of negotiations in 1980 reaffirmed in a

memorandum of understanding the self-handling principle, while agreeing that KAL would be granted full landing rights at Anchorage, Oakland, and Chicago, and rights to fly on to other countries. The memorandum, however, was never ratified by an exchange of notes.

For reasons that have become clouded with the passage of time the cargo facility was not built, and Korean Air never granted the landing rights it sought in the US.

US carriers have become increasingly bitter about their treatment in South Korea, and this year they formulated a list of 16 outstanding issues.

Seven years after the 1979 exchange of notes, the US carriers still lack facilities to handle their own cargo, which they say badly affects their ability to service customers in South Korea and reduces business.

They point to a gleaming new cargo facility built for Northwest Airlines as the only flying itself at the Los Angeles airport. Cargo revenues are KAL's fastest growing area, and a major reason why the airline is still profitable.

Meanwhile, a new cargo facility is nearing completion at Seoul airport yet the US carriers may still be far from satisfying their goal of cargo self-handling.

A campaign in the South Korean press would make it politically costly for the country's government to settle for less than aviation talks that would grant the US what it wants.

US officials, however, say that the US will not grant further

landing rights to KAL until well after the business climate for US carriers in South Korea improves and Seoul implements the pledges in the 1978 memorandum. They say the unratified 1980 memorandum is a dead letter.

They dispute claims that South Korea is put at a disadvantage by the current air agreement, by pointing to US Department of Transportation statistics, which show that KAL has captured about three-quarters of passenger and cargo revenues between the two countries.

The irony is that Northwest Airlines is the only flying flying these routes to make a profit, which KAL executives believe results from that airline's greater number of landing points in the US, and better route connections there.

US officials are evidently hoping that KAL's unprofitable route structure will prompt Seoul to improve operating conditions for US carriers.

But it may take a bruising set of negotiations before the South Koreans back down in what has now become a very public dispute in Korea and in which national pride has become the issue.

Saab wins US order for SF340 aircraft

BY SARA WEBB IN STOCKHOLM

SAAB-SCANIA, the Swedish aircraft manufacturer, has won an order from Business Express Inc in the US for six of its SF340 passenger aircraft. The order is worth about \$40m (\$26.5m).

Business Express, based in Bridgeport, Connecticut, is a computer airline which operates feeder flights for Delta Airlines in the north-eastern US.

The company plans to phase out its existing F77 aircraft and replace them with SF340 turboprops. The first SF340 will be delivered in September and the second in October this year.

Pasta deal covers 5% of farm trade

BY TIM DICKEYN IN BRUSSELS

THE European Commission estimated that about 5 per cent of the EEC's agricultural trade with the US is covered by the weekly draft agreement on citrus and pasta.

Commitments have been made by both sides to reduce duties and/or increase quotas a variety of items, including Community cheese, olive oil and anchovies and American oranges, lemons, grapefruit and almonds.

The 1985 value of exports of EEC products to the US is put at around Ecu 270m (\$199m) compared with total agricultural exports during that period of Ecu 545m.

Last year's sales in Europe of the US products on the list came to just over Ecu 50m, against a total for agriculture of Ecu 6,950m.

The Commission estimated that it hoped the part of the deal dismantling last November's retaliatory measures on EEC pasta and US walnuts and lemons would be implemented quickly.

Bayer gets its teeth into the dental market

BAYER, ONE of West Germany's "big three" chemicals groups, has entered into a joint venture to produce false teeth and other dental products at a new Shanghai-based facility in China.

David Brown writes from Frankfurt.

The new venture, called Bayer Shanghai Dental, will have a share capital of DM 4m (£1.3m), of which Bayer will hold 55 per cent and the Shanghai Dental Materials Factory the remainder. It is to start production of dentures and other dental aids based on Bayer technology.

Ball Corporation lured by China's potential

BY NANCY DUNNE IN WASHINGTON

THE sheer numbers and the huge potential of China are what have always been a magnet for foreign business. The market's size overwhelms any uncertainties about future Chinese governments and blots out concern about others caught in the quagmire of the Chinese bureaucracy.

So it was for Ball Corporation of Muncie, Indiana, a company which manufactures packaging, industrial and high technology aerospace products. When it was given a chance to help establish China's first high speed two-piece metal container plant in Guangzhou, Ball looked at the numbers.

If every man, woman and child in China drinks just one can of beer or soft drink a day, it would take 800 can lines to supply the containers. In the US there are only 245. In the world there are only 488. Ball Corporation, with a net income of \$51.2m (\$34.4m) last year, operates only 15.

Ball proceeded cautiously and risked little. With just a \$2m investment, it entered into a joint venture within a joint venture, a bendyship complicated deal requiring 15 separate agreements. It ended up with 10 per cent of a state-of-the-art 27m can making enterprise and an exclusive 20-year technology

agreement with the plant. It was also ahead of potential competitors for the Chinese can-making market.

The two formed a joint venture company with 40 per cent interest each, gave 10 per cent stakes to two Chinese government companies, and became MCP-Ball International. MCP-Ball International formed Guangzhou MC Packaging with four other Chinese companies.

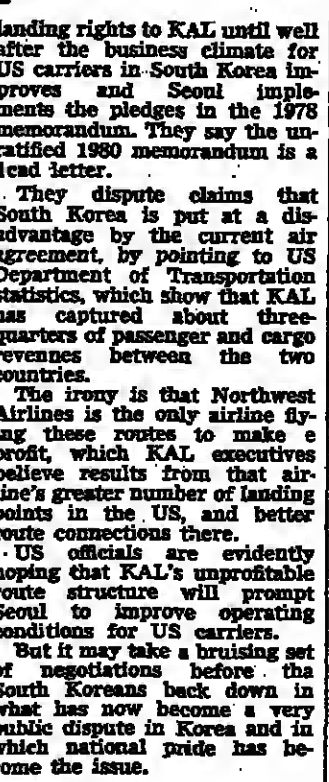
Ball then contracted a St Louis company, Guaranteed Instruments Systems, Missouri, to assemble major sections of the line so that all the components of its system could be shipped to China where,

Swedish steel plant may be sold to Fujian

KOCKUMS JERNVERK of Sweden is planning to sell a steel plant in Renmei to China International Steel in a deal worth SKr 50m (£2.5m), John Barton writes from Stockholm.

The steel plant, which was closed last September, will be dismantled and shipped to the Chinese province of Fujian, where it will be reassembled during 1987.

Production will start in 1988 with a planned capacity of 150,000 tonnes a year. A contract for the deal is expected to be signed in September or October. Sweden has become a major source of used industrial facilities for the Chinese.



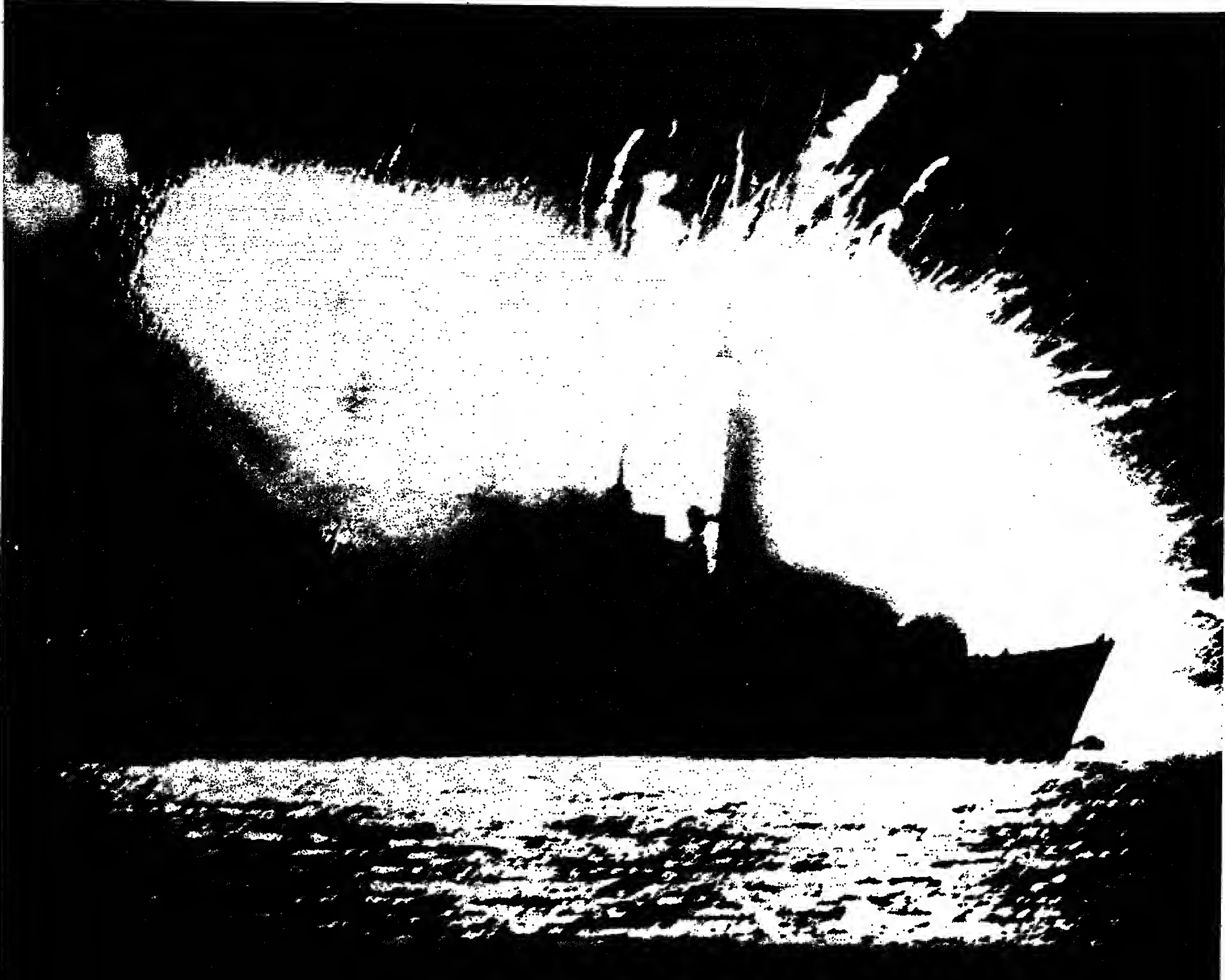


US tax reform hurdle cleared

Rehnquist approval in Senate

Saab wins US order for SFM aircraft

Pasta deal covers 5% of farm



# Never again?

The Falklands conflict was the world's first taste of high technology air/sea warfare.

As such, it served to confirm the increasingly important role that radar will play in any future wartime engagements.

In fact, immediately the war was over, the Royal Navy was able to present industry with a completely new brief for a surface ship main radar system. And in doing so, invited a number of international companies to compete for the order.

The fact that it was our advanced 3D radar system which was eventually selected is a source of great pride to us here at Plessey.

In the light of the RN's Falklands experience our new radar system more than meets the necessary requirements in the areas of long range air detection, aircraft control capability and automatic target indication for missiles.

Before long, all Type 42 destroyers, Type 23 frigates and Invincible class aircraft carriers will be equipped with it.

**The growing threat.**

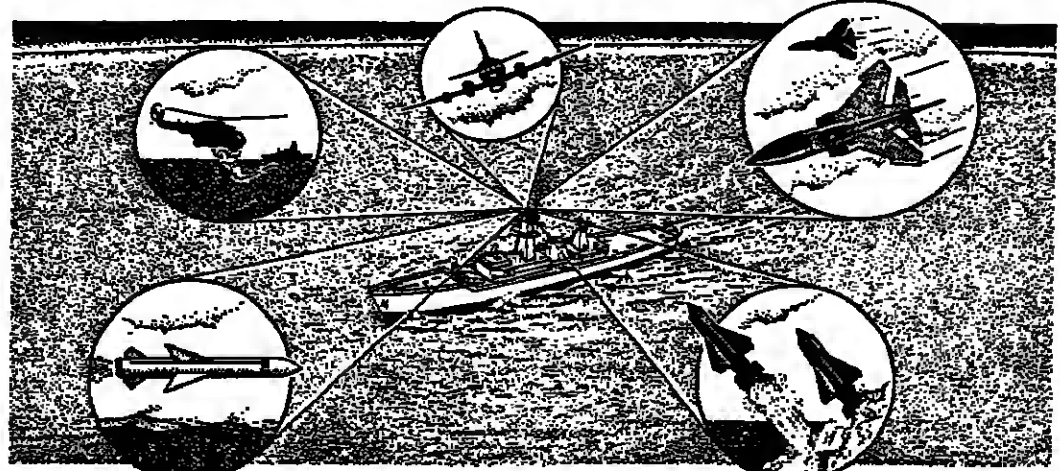
Having met the RN's current needs, we're now looking to the future. Here, the growing danger is likely to come in the form of complex multi-level saturation attacks.

Working closely with the Ministry of Defence (Navy)

we've made it our priority to develop a radical new multi-function radar system.

Our use of gallium arsenide circuitry (an area in which we lead the world) is enabling us to build what's known as a phased-array sensor.

Far from being a pipe dream, it's fast becoming a reality.



Combining the functions of surveillance and tracking, it has a computer which instantly controls the radar beam so it's able to deal simultaneously with multiple threats.

Clearly, phased-array radar is the future of radar technology and Plessey is one of the few companies which have established a stake in that future.

**An aggressive policy.**

Though we've established a world-wide reputation as a leader in radar development and system design, our

activities extend way beyond this.

We're equally energetic in the fields of tele-communications and micro-electronics.

In fact, we have leading edge products in all these areas of operation. An achievement which we feel is directly attributable to our policy of heavy and constant investment in technology.

This, combined with sound strategic planning, means we're constantly identifying market needs and developing new products.

**Defending ourselves.**

For more than 40 years, we've been helping in the nation's defences. Applying all our technological skills, our long-term planning ability and our young entrepreneurial style of management.

Only by operating as an independent company have we been able to develop these unique qualities. And naturally we're anxious to develop them further.

Currently, the future looks excellent for both ourselves and our shareholders.

Come what may, we're determined that this future should not be threatened.

**PLESSEY**  
The height of high technology.



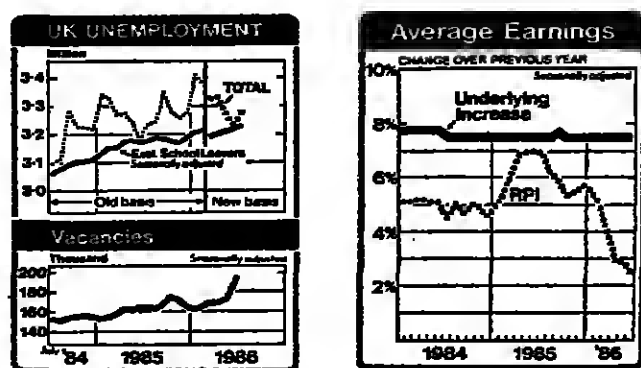
UK NEWS

Breeding becomes a dicey business

By Andrew Gowers
ELITE COW may sound like a terrifying super-breed of animal which is about to swell the EEC's already bulging dairy surplus. But it is much more innocuous. It is the name of a game to be launched next month; something like a cross between Monopoly and a Friesian bull.

Unemployment rising at up to 15,000 a month

BY GEORGE GRAHAM
UNEMPLOYMENT in the UK rose by 80,000 last month, continuing its remorseless rise over the last eight months.



not coming fast enough to keep pace with the growing number of people looking for work. His colleague, Mr Nigel Lawson, the Chancellor of the Exchequer, told MPs last month that the numbers out of work seemed 'likely to rise further in the immediate future, at least until the pause is over.'

TUC sees job flexibility need

BY DAVID BRINDLE, LABOUR CORRESPONDENT
TRADE UNION leaders are accepting that there is a need for "some form of contractual and geographical flexibility" in the labour market to enable the economy to respond to technological and industrial change.

The report, dealing with labour market flexibility as a whole, is intended for circulation among unions to counter growing government and employer pressure for greater labour flexibility on their terms.

NEC defies trend by increasing prices

NEC, one of the leading Japanese electronics companies, is to increase the price of its printers for personal computers in the UK by about 10 per cent. David Thomas writes. The move goes against the general trend of falling prices in the personal computer market.

Vauxhall unions told to prepare for job cuts as losses mount

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT
VAUXHALL, the General Motors UK subsidiary, expects record losses this year and needs to reduce its operating costs by at least a fifth, union leaders have been warned.

Hunting awarded anti-tank contract

By Joan Gray
THE MINISTRY OF Defence has awarded a £300m order for the next generation of anti-tank weapons for the British Army to Hunting Engineering of Amptill, Bedfordshire.

Reliant shelves US plan

BY JOHN GRIFFITHS
RELIANT, the Staffordshire-based maker of sports cars and three-wheeled cars, produced only 185 units of its new SS 1 sports car in the first half of this year and has shelved plans to introduce it in the important North American market.

Ford and Rover suffer decline in commercial vehicle output

Table with 3 columns: UK Commercial Vehicle Production (first six months), 1985, 1986. Rows include Ford, Rover, and various vehicle types like Light Van, Heavy Van, etc.

When the open two-seater was first announced in October, 1984, Mr Ritchie Spencer, Reliant's managing director, said the company expected to build and sell 800 cars in its first year of production, starting in March last year.

Oil price slump starts bitter round of cutting wage costs

ALONG the coast, oil exploration rigs stand like monuments, in the airport's hangar helicopters sit motionless, and the JobCentre has several hundred new customers.

Charles Leadbeater reports on the new facts of life in the North Sea. "We have had to cut costs but mainly through cutting back on the fat - flights to and from the rigs, maintenance work, and of course oil exploration and drilling."

agreed to a six-month wage freeze. The employers had initially asked for a 25 per cent saving on labour costs. "Officially the wage freeze is supposed to last till January, but we expect it will run for a whole year," said Mr Harry Eygate of the NUS.

Fortnightly SE account criticised

By Alexander Nicoll
THE LONDON Stock Exchange expects pressure to build up among its members over the next few years for changes to its traditional fortnightly account period. But it plans no alteration of the current system in the short term.

Money growth rises to annual 19.3%

BY OUR ECONOMICS STAFF
BRITAIN'S BROAD money supply rose only slightly last month, the Bank of England confirmed yesterday. Sterling M3, the broad measure of money, the growth of which the Government tries to control, increased by 0.20m or 0.1 per cent during the July banking month.

ICL profits from a changing strategy

David Thomas looks at the British computer company brought back four years ago from the brink of bankruptcy. ICL, THE largest UK-owned computer company, is the focus of renewed interest within the industry.

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Wrangler licence deal BY CHRIS CRAIG BLUE BELL International, the makers of Wrangler jeans, has signed a licensing agreement with Clifford Williams & Son, the Shropshire-based textile company.

David Thomas looks at the British computer company brought back four years ago from the brink of bankruptcy. ICL, THE largest UK-owned computer company, is the focus of renewed interest within the industry.

ICL profits from a changing strategy. ICL, THE largest UK-owned computer company, is the focus of renewed interest within the industry.



MANAGEMENT

Negotiating

Nothing is as simple as it seems

Philip Bassett, in the second of three extracts from his study of Britain's changing industrial relations, looks at Sanyo's experience with a single union deal at its UK plant in Lowestoft



Sanyo took over Philips' plant in Lowestoft to manufacture TV sets and introduced a single union strike-free deal in 1982.

SANYO'S strike-free agreement with the EETPU... The company wanted to concentrate its manufacturing base inside the EEC...

Like many Japanese companies, Sanyo was looking for a manufacturing base inside the EEC. "We were approached by Sanyo," says Noel Salmon...

To run the new plant, Sanyo signed a deal with about 250 of those formerly employed with Philips... The deal was for a three-year period...

At this point accounts of events between the company and the union start to conflict sharply... creating a degree of at least misunderstanding...

Partly, it was an unseen clash between two planes of the labour market... rates at Sanyo were in line with the market rates in low-paid East Angles...

Accordingly, the union tabled a claim within the company's joint negotiating council... for a flat-rate weekly increase of 15p...

Sanyo procedure, Sanderson at this point stepped into the negotiations... on December 13, the union tabled a claim aimed at making up over three years what it saw as the pay shortfall...

At this point accounts of events between the company and the union start to conflict sharply... creating a degree of at least misunderstanding...

Sanderson now acknowledges he did use such a figure in the negotiations... but only as an illustrative point, not as a definitive claim...

The two sides asked Acas to provide an arbitrator. Acas keeps a list of arbitrators for deployment in disputes...

London, with extensive arbitration experience... On January 2, the two sides agreed terms of reference for Kessler, which were:

- 1-to attempt to resolve the disagreement between Sanyo and the EETPU over the review of salaries and conditions of employment due on December 1 1984.
2-In the event that a mediated settlement is not possible, then to arbitrate a settlement by deciding for the company's case only, or the union's case only.

Outside the agreement

The significant point about these terms of reference, confirmed by letter to Acas, is that mediation - a non-binding award by a third party - is not written into the company's strike-free deal with the EETPU...

Fact-finding plays a considerable part in US pendulum arbitration deals... Sanderson was unaware when he negotiated first Toshiba's and then Sanyo's agreements...

being a device to keep people in procedure, to keep them negotiating, until a deal is reached, and so was impressed by the flexibility a further, inserted, stage seemed to offer.

Sanyo either did not fully realise that these were Sanderson's intentions, or simply saw the mediation mechanism provided for in the terms of reference as a short stopgap on the way to pendulum arbitration.

Kessler arrived in Lowestoft on January 9, and was presented with both sides' statements of case in preparation for the hearing the following day. Both sides also exchanged their statements. To the surprise of both Kessler and Noel Salmon, heading Sanyo's team, the EETPU appeared to have changed its offer...

For his part, Sanderson

denied strongly that there was any change of claim, insisting that the union had only ever wanted to move towards its target of parity for Sanyo pay with outside comparable companies in stages...

But, in any case, he contends that under the American experience of pendulum arbitration which he was taking as his model, altering the claim right up to the final moment is perfectly permissible.

Kessler opened the hearing on January 10. Salmon protested at what he saw as the union's changed claim, insisting in a statement that "the integrity of pendulum arbitration entirely depends upon both parties declaring their final position for consideration at the final negotiating discussions..."

Salmon asked Kessler to rule on which was the union's final claim. Kessler, who was patting in principle to the company, found in favour of the union's written claim, submitted the night before.

Sanderson was now surprised when the company then chal-

lenged the terms of reference, arguing against mediation and in favour of the procedure as contained in its written agreement with the union.

Though he saw a conflict of interest in the two roles, Kessler told both sides that under mediation, as he saw it, he would make recommendations and allow the two sides to consider them, before proceeding further.

The company and the union eventually agreed to this. Kessler considered, and came back with a compromise proposal - a 7 per cent pay increase; three weeks' bonus for 1984, to be paid by the end of January 1985; an extra day's holiday from January 1985, and a further day 12 months later; and a 30-hour working week, without loss of pay, from December 1 1985.

Sanyo accepted Kessler's suggestion that night. The EETPU, however, refused to accept the proposal. The union was in fact caught in a ticklish dilemma. If the company accepted the recommendation and the union rejected it, the union felt that Kessler as arbitrator as well as mediator would be likely to find in favour of the company under pendulum arbitration...

As Sanderson puts it now, "The members would have scoured us." After an hour and a half, the hearing reconvened on the morning of January 11, and the union accepted Kessler's proposal.

But the matter did not end there. Privately, though the company was probably not unhappy with the level of settlement, it was distinctly concerned about the method by which it was reached; in particular, by what it saw as the union's changed claim. Both sides agreed to look at their existing agreement, to try to see if it could be made more specific on what constituted a final position, and how and when arbitration should be triggered.

Separate proposals

Dennis Boyd, Acas's chief conciliation officer, held a number of meetings with oil sides, and eventually the company and union agreed to put to a ballot of Sanyo's workers two separate proposals: the first, supported by the company, that the agreement should remain unchanged; the second, supported by the union, that it should be amended to provide for mediation prior to pendulum arbitration...

But, following that vote, the company then drew up a code

of practice to clarify how the procedure should operate in any future dispute. The code was essentially twofold. The first element concerned communication:

Clear communication between the parties is essential to prevent misunderstanding and ambiguity. To this end, the parties will, at all stages of the procedure and before moving from one stage to the next, communicate in writing to each other their proposals for improvements to terms and conditions of employment or for the resolution of the issues under discussion.

At the final negotiating stage, both sides would try to resolve differences by negotiation to the point of putting the issue out to ballot. It was the approach to balloting which provided the second element. Before union ballots, a joint statement would be issued providing a detailed account of each side's position, and facilities would be granted to the union to counsel members on the union's position towards the ballot.

Sanderson now feels that the agreement is clearer for the testing it took, Salmon agrees.

This complicated history of the strike-free deals - Sanyo's 1985 pay settlements called them without a hitch - is important because it does show in detail that the operation of the agreements is likely to be more complex in practice than it might seem in theory. In a sense, though, activating the procedure was both messy and complicated. It did keep people talking, it did produce a settlement to a difficult disagreement without any industrial action. The difficulties surrounding the whole affair perhaps cast the agreements in a poorer light than was warranted, but they raised for arbitrators and industrial relations more generally fundamental questions about the deals' operation.

Can the system in practice bear negotiation, conciliation and mediation right up to the point of arbitration? Should mediation, he considered to have broken down? If that point can be determined, should the claim and offer current at that stage be deemed final? Could conciliation at that point, but before pendulum arbitration comes into play, have a role? Despite the company's code of practice, what happened at Sanyo has raised a number of issues which only greater experience of the system will be able to answer.

Strikes Free: New Industrial Relations in Britain, by Philip Bassett. Macmillan, £10.95. Reprinted by permission of Macmillan, London. To be published on August 28.

TECHNOLOGY

Peter Marsh explains how young companies have won the lion's share of a rapidly expanding energy management market

Industry giants suffer as minnows prove more innovative

TETLEY WALKER, a British brewer, hopes over the next couple of years to save £500,000 on the cost of heating 250 pubs in northern England, thanks to an energy management programme based on a system of computerised monitoring devices.

The brewery is one of hundreds of large organisations which in recent years have turned to electronic techniques in a bid to cut energy costs. The energy systems are based on networks of small computers, scattered around individual buildings, which control heating and lighting equipment in accordance both with set programs and other factors such as the state of the weather.

Demand for the new systems, which depend heavily on software techniques and communications links and which are gradually replacing older energy control systems based on electro-mechanical devices, has spawned several small, but innovative European companies. These are fighting the dominance in the heating controls business of a few large concerns such as Honeywell and Johnson, and Gyr of the US and Landis and Gyr of Switzerland.

According to Mr Allan McHale, director of ProPlan, a UK market-research consultancy, the West European market for energy-management systems for

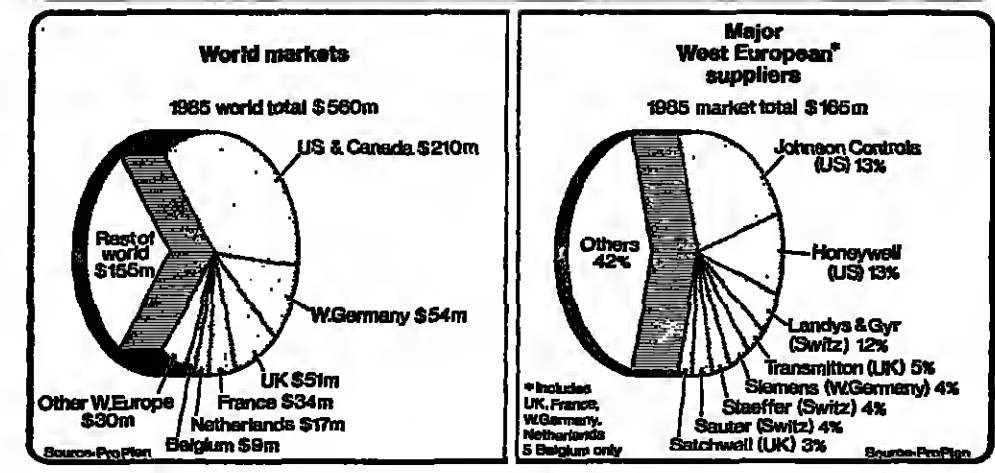
non-domestic buildings has more than doubled in the past five years, to reach £195m last year. World sales of such systems is put at \$600m, of which \$210m is in the US and Canada.

While Honeywell, Johnson and Landis and Gyr accounted for roughly 90 per cent of West European sales in 1981, the figure, says ProPlan, dropped to 75 per cent last year. Smaller companies which have advanced rapidly in recent years in Europe include Transmittion, Trend Control Systems and JEL of Britain; Sofrol and Sotrel in France; ICS Technology in West Germany and Priva of the Netherlands. Other well-established European concerns which sell energy systems include Britain's GEC, which is owned by GEC, Siemens of West Germany, and Sauter and Stauffer of Switzerland.

In the US, meanwhile, MCC-Peters, Amerex Controls and United Technologies are, with Honeywell and Johnson, among the leading suppliers. Most sales in the US, which is ahead of Europe in installations of energy systems linked up to other services such as fire and burglar alarms, involve the fitting of energy systems to new as opposed to existing buildings, while the opposite is true in Europe.

According to a ProPlan study,

ENERGY MANAGEMENT SYSTEMS



annual sales in Western Europe will continue to rise to about \$280m in 1990. There is, says the study, enormous scope for new ventures in this business. Even by the end of the decade, no more than a few per cent of West European commercial and industrial buildings which could benefit from energy systems will have them.

Energy savings from the systems can be considerable. In the past two years, Barclays

Bank in the UK installed in 50 of its branches a £300,000 network of computers and sensors, linked by telecommunications lines to a supervisory computer in London, in a scheme partly paid for by the UK Department of Energy.

The equipment has cut the energy bill for these branches by a quarter, saving about £75,000 a year, says Mr Keith Thomas, Barclays' manager of technical services. With the

central computer, technicians in London can send instructions to the control systems in each branch, setting limits to the temperatures inside the building and ordering lights to be switched on and off at fixed times.

Sensors inside and outside each bank modify the way heating and lighting equipment operates, to take into account factors such as especially sunny days or stuffy conditions caused

by queues of people at cashier positions. In another example, the landlord of the Huyton Park pub in Liverpool - one of the first of the Tetley Walker establishments to fit an energy system - saw his heating costs drop by more than half.

Tetley Walker, which is owned by Allied-Lyons, hopes the two-year programme of fitting energy management systems to 250 pubs will, coupled with other energy saving measures such as improved insulation projects, pay for itself within about three years.

A £7.5m scheme to install energy systems in a dozen Ford car factories around Western Europe has led, meanwhile, to fuel savings of about £3m a year, according to Transmittion, the UK concern that installed the equipment.

British Airways hopes to gain similar benefits from a £1.4m system to control heating and lighting equipment in about 40 buildings, including offices and aircraft hangars, at London's Heathrow Airport.

Other big users of the new energy management systems include local authorities and organisations which administer hospitals. In Britain, Hereford and Worcester county council was an early pioneer in intro-

ducing a network of computers to control boilers and lights in schools.

The new suppliers of energy systems have, says Mr McHale, generally been quicker than the more established concerns to adopt new ideas such as the use of central computers to oversee the work of other processors scattered around a network. This reduces the effort needed to set a specific pattern of energy use for individual buildings, all the instructions are fed in by a single technician as opposed to one for every structure - and enables managers to keep a close watch on overall consumption.

The newer companies, also, have paid particular attention to improving the software used in their systems. These programs, for example, ensure that a heating profile for his building that takes into account many different factors. These include the amount of rain or wind the manager can expect at a given time of year and the exact way that the bricks and mortar in the structure absorb energy.

As a rough rule of thumb, an energy management system for a group of buildings costs £10,000 for each set of rooms and factory units linked to it. Each individual building has its

THE REAL SUCCESS IS GECAMONICS EXPORTING TECHNOLOGY

own individual processor plus several dozen sensors monitoring temperature and the condition of items such as pumps.

The market for energy management systems in Britain has been rising more quickly than in other European countries. This partly reflects the relatively poor heating insulation of many older buildings, a result of which managers find they obtain especially good energy savings by installing control equipment.

Several of the newer suppliers have turned to energy management from a background in either data communications, computers or general heating systems. One of Britain's Transmittion, which is owned by BICC, the cables group, and Sofrol of France, also sell industrial telemetry (electronic monitoring) equipment systems for the water industry for instance, while Priva of the Netherlands ventured into energy management after specialising for years in electronic equipment for greenhouses.

\*Electronic Energy Management Systems in Buildings - the European Market 1985-1990, £3,000 from ProPlan, 25 Theobalds Road, London WC1X 8SP.

Japan should give some thought to robots

JAPANESE ROBOTICS could filter according to Mr Peter Stokes, a director specialising in computerised manufacturing at US-based technology consultancy Arthur D. Little.

He thinks the Japanese emphasis on relatively "dumb" robots, meticulously engineered for good performance and high reliability, may not suffice in future markets where there will be more emphasis on machines with built-in "brains" that can think for themselves and take flexible manufacturing decisions.

Stokes believes such robot design favours Western companies and will become more important with increasing computer hardware costs. But the Japanese are not unaware of the problem, says Stokes, and are pouring money into research.

COMPUTER-AIDED design (CAD) market changes may occur following the acquisition this week of Scientific Calculations (SC) by Harris Corporation for an undisclosed sum. Both are US companies but are strong internationally.

WORTH WATCHING

Edited by Geoff Chubb

SC claims its printed circuit board design software, Securid, is used in 70 per cent of major US electronics firms. Harris already has specialised CAD products and expects the combined effort to improve its position in a marketplace currently dominated by IBM, Intergraph and Computervision.

THERMAL STORAGE and exchange of latent heat is used in equipment from French company Crystopia to reduce heating and refrigeration bills. UK company Energy Storage Systems (01-685 1895) is offering the system.

All materials absorb heat while changing state from solid to liquid (for example, ice to water) and vice versa, but Crystopia has a formulation allowing 10 times more heat (or cold) to be stored than is possible with the same volume of ordinary heated water.

Crystopia uses tennis ball-sized sealed modules of material from which water can be drawn in heating applications, water above the change of state temperature loses heat to the material during periods of low demand for heating. During peak demand, the heating

system water gains heat from material during the change from liquid to solid. The concept allows smaller fixed-load heating (or cooling, with the processes reversed) plant than would otherwise be needed to meet the peak load, thus saving money.

WURDU, as might perhaps be expected, is the name of a word processing system that operates in Urdu.

Micropraxis of Sheffield in the UK, which developed the software for the BBC micro-computer, has enquiries from Pakistan, where the only alternative software runs on a big mainframe and is used for typesetting a daily newspaper.

The package is available on a read-only memory capsule or on floppy disk and includes an overlay for the computer's keyboard. WURDU uses only an abbreviated working form



Cash and Security system banknotes speeds-up the counting of and counts.

Banknotes and coins are counted automatically and the figures go directly into computer memory. Details of cheques, credit card vouchers and similar non-cash items are entered on a simple keyboard. From the information recorded the system can produce a wide range of printed reports and listings.

One-punch knockout for printed circuit boards

PRINTED CIRCUIT boards (PCBs) are usually drilled to make the holes for component assembly, but a fine piercing system from Aiol in Japan is offered by Bruders (UK) of Dunstable (0582 576167).

The danger in punching PCB laminate material is that the laminations will separate and that, in any event, the holes will not be clean. The Aiol press produces all the holes in a board in one blow. Hydraulic systems prevent laminations from lifting and separating during the punching or extraction movements, with very little damage to hole edges.

COMPUTER INTEGRATED manufacturing (CIM) is dealt with from the business stand-

point in a 97-page book from the Society of Manufacturing Engineers in Dearborn, Michigan, US.

CIM is the most advanced form of manufacturing technology in which the various "islands of automation" - computer aided design and engineering, production scheduling, robotics, machine tools - are connected together to give a total manufacturing system that gives manufacturing flexibility, reduces "time to market" for new designs, improves reliability of the product and generally increases competitiveness.

The SME book covers many aspects of preparation, planning and implementation of CIM, with authors from IBM, GE (USA), ART, Ingersoll and Co, Drive. More on (312) 271 1500.



THE ARTS



Exhibitions

PARIS

**What is Modern Sculpture?** Rather arbitrarily, the American art critic Margit Rowell answers by excluding Rodin and Maillol from the 1900-1970 period. Her criterion is a break with tradition, and in welded wire, plywood and string are next to sculptures in bronze and marble. There are some splendid works by Picasso and Matisse, Braconci and Giacometti. The exhibition continues from the 5th floor to the forum in the basement with Beuys and Arte Povera and is unmissably depressing. Centre Georges Pompidou, Closed Tue (4271112) Ends Oct 13.

**Picasso Museum.** The 17th century Hotel Sale, sumptuously restored, provides a fitting home for the world's largest collection of Picasso's work. It comprises 203 paintings, 158 sculptures and more than 3,000 drawings and engravings, 10 collages and 86 pieces of ceramics. It is completed by Picasso's collection of paintings by his friends such as Braque and Matisse, or by artists he admired, Renoir, Cézanne and Degas. Musée Picasso, Hotel Sale, 5 Rue Thorigny, Paris 3 (42712421). Closed on Tuesdays.

**Rodin's Riches.** A delightful 18th century townhouse - Hôtel Siron - contains the life work of Auguste

Rodin, whose genius opened the way for modern sculpture, in the gardens his Thinker broods, the Burghers of Calais stride to their tragic destiny and Balzac, draped in his cloak, defies time. Musée Rodin, 71, Rue de Varenne (Métro Varenne) (47050199). Closed Tuesdays.

**Hispano-American Silversmith's work.** The 150 exhibits on loan from the Buenos Aires municipal museum cover three centuries and are the result of the combination of the legendary riches of the Peruvian mines with the exuberance of colonial craftsmanship. Silver - beaten, chiselled, filigreed - accompanies everyday life. For the gaucho there are silver stirrups and cruel looking spurs. There are delightful perfume burners in shapes of animals and moté cups for traditional herbal infusions decorated with endlessly inventive flower motives. As for liturgical objects, religious fervour tends to make the ornate baroque style rather overpowering. Louvre des Antiquaires, 5 Place Palais-Royal (42972700). Ends Sept 6.

BRUSSELS

**Ghent: Chambres d'Amis.** 51 international artists showing in 51 private houses. Tickets, map etc from Modern Art Museum, Ghent (091/211703) Ends Sept 21.

ITALY

**Florence: Fort Belvedere.** Donatello and his Contemporaries illustrates the remarkable versatility of the artist. Half the 110 works were on show in Detroit last autumn, but notable additions include the Cellini Madonna lent by the Victoria and Albert Museum, the bronze Tondo rediscovered in 1975 and two recent discoveries of possible Donatello's: The Madonna of the Furcate (found in the chapel of the one-time Florence prison) and the

unfinished head of a youth, found in the Uffizi store-rooms. One room contains the four outstanding Florentine wooden crucifixions of the fifteenth century (not counting Michelangelo's in the Casa Buonarroti): That of Brunelleschi; the crucifixion from S. Croce by Donatello; Michelozzo's from S. Niccolò and the crucifix from S. Buonaventura a Boscio, from S. Croce by Donatello. Ends Sept 7.

**Rome: Museo Nazionale delle Arti e Tradizioni Popolari (Piazza Marconi 8, cur): "Precious Ornaments."** A large collection of folk jewellery from all over Italy, dating from the turn of the century, illustrated with charming photographs of heavily bejewelled countrywomen. Until Nov 30.

**Venice: Palazzo Grassi: Futurism and Futurisms.** Flat opens its art centre on the Grand Canal with the largest exhibition to be devoted to the Futurist Movement, a movement born in Italy, and the first to exalt technology, and to try to convey speed on canvas. More than 300 works have been lent. The paintings are mainly from 1909-18, but there are also sections devoted to literature, theatre, music, architecture, fashion and furniture, showing futurism's influence up to 1930. Ends Oct 12.

**Florence: Palazzo Pitti (Sala Bianca): Mary Magdalene: Sant and Sinner.** An inspired exhibition based on the contrasting aspects of the character of Mary (who symbolises both sin and redemption) as seen by artists as diverse as Titian (the glorious Mary Magdalene of Noli Mi Tangere) to Guttuso and de Chirico, via the gloomy and often despairing figure of many of the 19th century paintings. Ends Sept 7.

**Lugano: Villa Favre: Goya in Private Spanish Collection.** 50 paintings by Goya, normally impossible to see and which have never travelled before. The exhibition is organised by Baron Thyssen and the Spanish Minister of Arts. Among

them is the portrait of the Contessa di Chinchon, considered the best of Goya's paintings of women. Ends Oct 19.

LONDON

**Hayward Gallery: Dreams of a Summer Night - an exhibition of painting the turn of the century in the five Nordic countries, organised by the Arts Council and the Nordic Council of Ministers.** It proves to be an important and intriguing exercise in critical reassessment, for though many of the painters enjoyed a certain contemporary fame abroad, they were with one great exception all but forgotten in the years after the first world war. Much was that exception, and the chief value of this exhibition, which throws a fresh light on his work, is the demonstration that he was no arbitrary phenomenon but the notable product of a distinctive national and regional character. Ends Oct 5, then Düsseldorf and Paris.

WEST GERMANY

**Düsseldorf: Kunstmuseum. Ehrenhof 5: Otto Pankok (1893-1966).** The Passion; 60 huge charcoal drawings by the German expressionist covering 1933-34. Ends Oct.

**Essen: Villa Hügel.** The chairman of Krupp, Dr Bernhard Beitz, who is also head of the private Ruhr cultural institute, was the moving force behind this exhibition, helped by Mr Erich Honecker, the East German leader. The Villa Hügel, 114 years old, has been redecorated for the exhibition. This is the first show organised by the institute, founded three years ago on the initiative of the Krupp Foundation. The treasures from the period 1894-1743 of great Electors are on loan from Dresden's state cultural collections. The eight royal collections are presented separately with characteristic master works. There is also one of the oldest and most complete coin collect-

tions in the world and a huge collection of arms and copper engravings by Boucher, Chardin, Piranesi and Tiepolo. The picture gallery includes works by Titian, Poussin, Velasquez, Rubens, Rembrandt and Craack. Ends Nov 2.

NEW YORK

**Museum of the City of New York: Archibald Burns's paintings, drawings and sculptures of Three Penny Opera covering 12 scenes and 11 characters, were inspired by the historic Theatre de Lys production in 1954 starring Lotte Lenya. Ends Oct 15.**

**Whitney Museum.** The largest exhibit ever mounted of Shaker design shows off the strong, simple lines in the furniture, tools, textiles and graphic design of one of the great American Puritan cultures that remained separatist and intact for more than a century. Ends August 31.

**Museum of Modern Art: Vienna 1900, including 700 paintings, designs and objects, covers silverware, jewellery, furniture and ceramics, with the Surrealists like Klimt and his Golden Style, as well as Kokoschka and Schiele in a comprehensive exhibit that illuminates the birth of modernism. Ends Oct 21.**

NETHERLANDS

**Amsterdam, Nieuwe Kerk.** Paintings, prints and contemporary documents chart the career of Michael de Ruyter, the brilliant Dutch admiral whose most celebrated exploit was to sail up the Medway in 1667, hurrying or capturing 10 ships, and making off with the Royal Charles, the pride of the English fleet, which was towed back to Rotterdam and turned into a floating ship-house and hotel. His extravagantly ornate tomb is one of the centrepieces of

this serene, late Gothic church. Ends Aug 23.

**Endhoven, Van Abbe Museum.** Currently drawing a record number of visitors to the 50th anniversary 'Eye level' exhibition of its entire collection. The 1,500 works read like a roll-call of modern art, from Chagall, Kandinsky, Braque and Picasso to Klein, LeWitt, Baselitz and Kiefer. Ends Nov 9.

**Amsterdam, Van Gogh Museum.** Vive le public exhibition of Daumier's satirical prints of the emergent bourgeoisie bedazzled and baffled by 'Art'. Ends August 25.

**Amsterdam, Tropenmuseum.** The Human Story charts evolution from the origin of the universe, through the age of the dinosaurs and the appearance of the first primates, up to the present day. Video programmes, life-size reconstructions of early hominids (including Leakey's famous 'Lucy') and touch-screen displays illustrate this detailed story of mankind previously seen at the Commonwealth Institute. With an introductory section on the theory that a meteorite impact 64 million years ago led to the extinction of the dinosaurs and cleared the way for the birds and mammals. Ends Oct 19.

**Lisden, Rijksmuseum van Oudheden.** Treasures from Turkey gathers together more than 400 exhibits from 22 museums to provide an overview of the civilisations that left their mark on Anatolia in the course of 1,000 centuries. The first section covers the Stone and Bronze ages, with pottery, delicate figurines and gold ornaments. The second part is devoted to the classical period, from the first contacts with Greece up to the end of the Byzantine Empire, and contains superb Hellenistic statues, a Roman portrait gallery and the treasury of Constantinople. The refined cultures of the Saka and Ottomans are explored in the final section, furnished mainly from the Topkapı Museum, with illustrated

books, tapestries and embroidered garments. Ends Sep 22.

**Amsterdam, Rijksmuseum.** Impressionists and their contemporaries in an exhibition of 140 French prints spanning the period 1860-1900, including foreign artists who made Paris their spiritual home. Ends Sept 7.

WASHINGTON

**National Gallery.** The first major retrospective of the works of 19th-century American landscape painter George Inness traces the artist from the early influence of French Barbizon landscapes through the development of his own soft naturalism with dramatic skies dominating rolling terrain. Ends Sept 7.

SPAIN

**Madrid, Prado Museum.** French, Spanish and Italian paintings of the 18th century. This exhibition from the Prado collection includes works not seen for 15-20 years as well as recent acquisitions. Tiepolo, Bayen, Maella, Paré, Juan Bautista, Mengs, the Villa Hermosa, Plaza de las Cortes 6. Ends Sept 30.

**Madrid, Treasures of Spain - Ten Centuries of Books.** Three exhibitions gather Spain's rich book collection of 1,000 years. Biblioteca Nacional, Sala Luis Ponce, Paseo de Recoletos 22. Ends Sept 7.

**Madrid, "Monsters, Dwarfs and Buffoons in the Court of the Austrians."** Superb collection of painting by Ribera, Velasquez, Carrión, Veronesi, Maza, Antonio Moro, Sanchez Cotán, Sanches Cotán. Grouped together to show the splendid donation by the Fundación Bertran to the Fundación Frías and the Prado Museum, van der Hamen's "Portrait of a Dwarf", XVII century, Prado Museum, Edificio Villanueva, Paseo de Prado, Edificio 30. Sponsors: Four exhibitions sponsored by Fundación Santillana;

Goya's and Picasso's bullfighting (a splendid contrast of engravings painted by two top Spanish painters in different centuries of popular bullfighting scenes); Ceramics - A Form of Plastic Expression gathers a rich and ample panorama of Spanish ceramics by young artists; Interior Voices: 12 Spanish Heilman Painters and Design and Colours of Guatemala's Textiles, Fundación Santillana, Santillana del Mar. Ends Aug 30.

CHICAGO

**Art Institute: Treasures of Japanese Buddhist Art.** The only showing in the Western world of works from the great Todaiji Temple in Nara, Japan, includes 151 statues, handscrolls and intricately designed lacquered objects from the largest wooden temple in the world. Ends Sept 7.

TOKYO

**Along the Sumida River: Ukiyo-e masterpieces depicting Tokyo-ites in past centuries (pre-workaholic times) relaxing by enjoying recreations such as flower-viewing in spring, kite flying, and strolling on the river in summer.** Ohta Memorial Museum in Harajuku, off Omotesandō Avenue. Ends Aug 24.

**Nagasaki during the Edo era (1602-1877):** Everyday objects and fine art from Dejima, Nagasaki, the small island in Nagasaki harbour, foreigners' ghetto, where those (mainly Dutch) trading with Japan, were sequestered. Art objects by Dutch doctor Philipp Franz von Siebold, one of the first foreigners who had any direct contact with Japan, during his Museum of Art stay (1828-29). Iwanami Museum, 1-1, Shijukuji. Ends Aug 19.

**Okura Shokusan Museum: Sculpture and paintings from China and South-East Asia from the museum collection.** Okura Hotel. Ends Aug 24.

Theatre

CHICAGO

**Pump Boys and Dinettes (Apollo Center):** Facetious look at country music and down-home country life with good bent and some memorable songs, especially one played on kitchen utensils has proved to be a durable Chicago hit. (935 6100).

TOKYO

**Noh by Torchlight (Takagi Noh):** A special treat in Tokyo's relentless summer heat is outdoor Noh performances by Bright, held in the evening cool at sirines, offering a rare chance to experience Noh in its original outdoor setting. The effects of strategically-placed fire castles are perfect for the otherworldly atmosphere of Noh. Programmes include specially chilling ghost stories to alleviate summer heat - a Japanese tradition. The tiny pocket book, A Guide to Noh and Guide to Noh (available at hotel bookstores) give the plots. Very popular and usually held at weekends, see Tokyo papers for details. Book early to avoid disappointment.

NEW YORK

**Cats (Winter Garden):** Still a sellout, Trevor Nunn's production of T.S. Eliot's children's poetry set to 'frenzy' music is visually startling and choreographically feline, but classic only in the sense of a rubber staid and overblown idea of theatricality. (239 6262).

**42nd Street (Majestic):** An immodest celebration of the heyday of Broadway in the 30s incorporates gems from the original film like Shaulie Oll to Buffalo with the appropriately brash and leggy hoofing by a large chorus line. (977 9020).

**A Chorus Line (Shubert):** The longest-running musical ever in America has not only supported Joseph Papp's Public Theater for eight years but also updated the musical genre with its backstage story in which the songs are used as auditions rather than emotions. (239 6200).

**La Cage aux Folles (Palace):** With some tuneful Jerry Herman songs, Harvey Fierstein's adaptation of the French film manages, barely, to capture the feel of the sweet and hilarious original between high-kicking and gaudy chorus numbers. (737 2630).

**The Tony Award (Booth):** The Tony's best play of 1985 won the popularity for the two oldsters on Central Park benches who bicker uproariously about life past, present and future with a funny plot to match. (239 6200).

**Big River (O'Neill):** Roger Miller's music rescues this sedate version of Huck Finn's adventures down the Mississippi, which walked off with many 1985 Tony awards almost by default. (246 0220).

**The Mystery of Edwin Drood (Imperial):** Rupert Aspinall's Tony-winning reconstruction of the unfinished Dickens classic is an ingenious musical with music-hall tunes where the audience picks an ending. (239 6200).

LONDON

**The Normal Heart (Albery):** Tom "Andreas" Hulse is playing the crusading hero of Larry Kramer's hysterical melodrama for a three-month season, as public concern over the Aids epidemic increases. (838 3878 credit cards) (CC) 378 8885).

**La Cage aux Folles (Folladium):** George Hearn a welcome star along

side Denis Quilley in the transvestite show for all the family. Weak second act, less than vintage Jerry Herman score. The show has not travelled well from Broadway. (437 7373) (CC) 734 8911).

**Bilbie Spirit (Vaudeville):** Susan Hampshire and Joanna van Gysegem have now joined Simon Cadell in this enjoyable Coward revival. (838 9987).

**Troilus and Cressida (Barbican):** Provocative RSC production set vaguely in the Crimean War with Juliet Stevenson refusing to play Cressida, false but riveting. Just the ticket. The bumptious 1850s Merry Wives continues in repertoire. (628 8795).

**Dalliance (Lyttelton):** Tom Stoppard's new version of Schmitzer's Liebelelei is a crushing disappointment only partly redeemed by Brenda Blethyn as the ruined working girl. A theatrical travesty of the work adds to the confusion of middle-aged actors playing boyish dragons in Peter Wood's suitably respectable production. (628 2252).

**Lead Me A Tonor (Globe):** Fresh and inventive operatic farce by new American author Ken Ludwig set in Cleveland, Ohio in 1934. Dennis Lawson and Joe Francis lead an ensemble cast in a mistaken identity romp, while Verdi's Otello carries on regardless. (437 1582).

**When We Are Married (Whitehall):** Matchless comic playing from an all star cast in Priestley's comic warehouse about silver wedding anniversaries undermined by an inconvenient revelation. Bill Fraser is a drunken Falstaffian photographer and the couples are led by Timothy West and Frances Scales. The 1930 theatre has been beautifully renovated. (930 7765).

**Noises Off (Savoy):** The funniest play for years in London, now with an improved third act. Michael Blake-more's brilliant direction of backstage shenanigans on tour with a third-rate farce is a key factor. (836 8888).

**Starlight Express (Apollo Victoria):** Andrew Lloyd Webber's roller-skating folly has 10 minutes of Spielberg movie magic, an exciting first half and a dwindling reliance on indiscriminate rushing around. Disneyland, Star Wars and Cats are all influences. Pastiche score nods towards rock, country and hot gospel. No child is known to have asked for his money back. (834 8184).

**42nd Street (Drury Lane):** No British equivalent has been found for New York's Jerry Orbach, but David Merrick's tap-dancing extravaganza has been rapaciously received. (836 8106).

**Lennon (Astrak):** A not too critical celebration of the life and music of John Lennon that is enjoyable especially for the musical resourcefulness of the cast and Mark McGann's Lennon look-and-sound-alike. (734 4287).

**Are You Lonesome Tonight? (Phoenix):** More musical biography with Alan Bleasdale's Elvis Presley show using flashback and excellent live recreations of the rock and roll hits to explain how Martin Shaw's magnificently wrecked and flabby King in crushed velvet jumpsuit has remained this pretty pass. Exploitative, but not strictly for tourists. (836 2284).

NETHERLANDS

**Amsterdam, Carré Theatre.** China's Peking Circus (ends Sun, matinees Sat, Sun). (225 225).

Music

PARIS

**Arto Noras,** cello, Bruno Rigutto, piano: Beethoven, Bach, Brahms (Maison). Auditorium des Halles, 5 Porte Saint-Eustache.

**Irina Zaritskaya,** piano: One hour with Scriabin (Tue 8.30pm). Auditorium des Halles.

All these concerts are part of the Paris Festival Estival. Taped information in English round the clock (4764 9060).

LONDON

**BBC Symphony Orchestra and Singers** conducted by David Atherton in Dellorecchia's Il prigioniero. Also Luciano directed by Odaline de la Martinez with Peter Frankl, piano and Mark Lubotsky, violin, in Berg's Chamber Concerto. Royal Albert Hall (Mon) (488 8711).

**English Chamber Orchestra** conducted by Jeffrey Tate with Ralph Kirchbauer, cello. Haydn, Schumann and Strauss. Royal Albert Hall (Tue).

**BBC Symphony Orchestra** conducted by David Atherton with Howard Shelley, piano. Elgar, Peter Dickinson and Rachmaninov. Royal Albert Hall (Wed).

**Royal Philharmonic Orchestra** conducted by Yuri Temirkanov with Anne-Sophie Mutter, violin. Lyndon Dvorak and Tchaikovsky. Royal Albert Hall (Thur).

ITALY

**Verona: Arena di Verona.** Concert performance of Fidelio conducted by Christian Bada. The soloists include Jan King, Gwyneth Jones, Siegfried Nagemann, Hans Teichmayer and Sona Ghazarian. (Mon) (2 81 51).

**Pompeii: (Pantefeeu Pompeiane):** London Symphony Orchestra conducted by Len Malina (Wed and Thur). (474 3718).

Continued on Page 9

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Friday August 15 1996

Mr Bangemann begs to differ

G. K. CHESTERTON, the English aphorist, once complained, "It's not that they can't see the solution, it's that they can't see the problem." Mr James Baker, the US Treasury Secretary, must be tempted to lay the same charge against West Germany's ultra-cautious economic policymakers.

Mr Bangemann's focus on internal factors seems likely to cause further irritation in Washington. West Germany is not being accused so much of mismanaging its domestic economy as of declining to accept its international responsibilities.

The US, quite obviously, is no longer in a position to provide a net stimulus to the world economy. It seems improbable that dollar depreciation, massive though it has been, will be sufficient to close the US current account deficit.

The climbdown at Cheltenham

RARELY HAS the Thatcher Government looked less sure-footed than it has over what has become known as the GCHQ affair. The hope must be that the latest climbdown by ministers in their efforts to ban trade unions at Government Communications Headquarters, the supposedly secret signals and intelligence monitoring network based in Cheltenham, betokens a decision to put the issue on the back burner, on to a very low flame indeed.

Sir Robert Armstrong, the Cabinet Secretary, has agreed to a review of the severe financial penalties imposed on GCHQ staff who rejoined unions after the ban and has given an assurance, in so many words, of no further action against them before the next general election.

Principal objectives Nor have we heard the last of the affair. Ministers have waded too deeply in the mire to effect a furtive escape. For one thing, there is the matter of the 50 or so trade union members at GCHQ who—denied promotion and foreign postings and out of pocket by as much as £4,000 a year—are determined to carry on kicking up as much stink as they can.

THEY ARE used to make jet fighters and space shuttles, and may soon be used to make motor cars. They have a \$400m world market growing at 25 per cent a year. They are known as advanced composites—not a glamorous title, but one of the most alluring growth prospects for the chemical industry worldwide.

They also offer a sad instance of British invention being exploited overseas. ICI missed the chance to participate in 1970, then paid \$750m for access to the US market in 1984. In the US, in turn, the Pentagon has recently expressed public concern about the grip on supply exercised by Japan.

Advanced composites can be made out of any number of ingredients, but are best thought of as a fancy version of fibre glass. The principle is one of binding fibres together with plastic, producing a material which is very strong and stiff and also very light.

The fibre most commonly used is carbon fibre. This remarkable material was first developed 20 years ago by the Royal Aeronautical Establishment at Farnborough, working in conjunction with Rolls-Royce.

Rolls-Royce failed—expensively—to make aero parts out of the new material, and offered it to ICI, which duly considered it in committee in 1970 and turned it down.

THE THREE BASIC STEPS 1. MAKING A composite structure, such as a helicopter rotor blade, takes three steps. First is the manufacture of (a) the fibre and (b) the resin, almost always by separate manufacturers.

2. THE FIBRE. The most important fibre in composites is carbon fibre, made from fibres of polyacrylonitrile, known to the garment trade as acrylic. The fibres are oxidised, then carbonised in a furnace, then subjected to a surface finishing process.

3. THE RESIN. The resins used in composites are thermosets, which, unlike thermoplastics, set permanently when fabricated and will not melt back. Much of the commonest are epoxy resins. Like superglue, they are made from two components,

mixed before heating. The biggest producer of epoxy resins for composite manufacture is probably Ciba Gely of Switzerland.

An important next step will be the use of new high-performance thermoplastics instead of thermosets. The technology is still in its early stages, the leaders being ICI, Phillips Petroleum, Amoco and General Electric of the US.

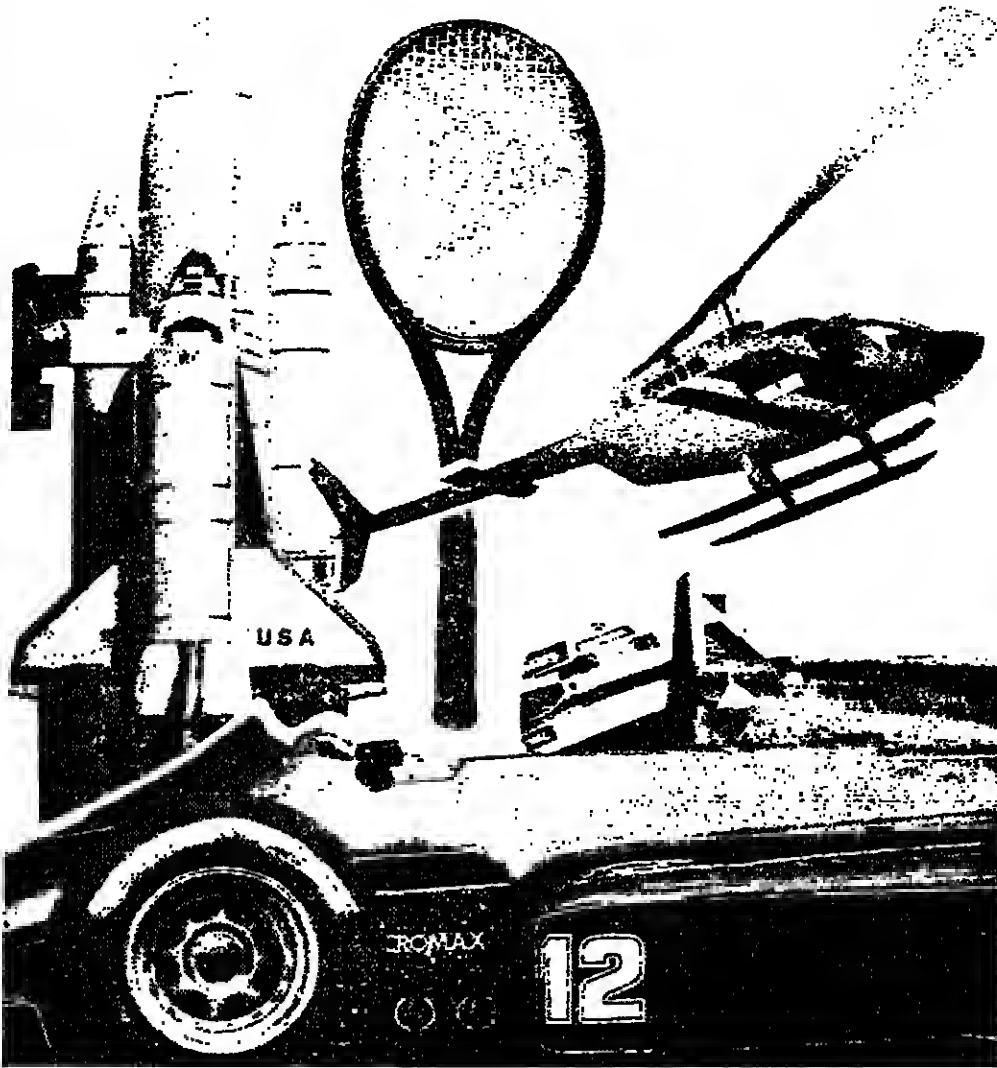
PRE-PREGGING (Short for pre-impregnation). This is the process of bringing the resin and fibre together in an intermediate form which can be stored before use. The result is a sticky, syrupy tape which is interleaved with polythene and kept refrigerated.

As a rule of thumb, the value of a pre-prep is twice that of its raw materials, and the value of a finished part ten times that of the pre-prep.

ADVANCED COMPOSITES

A game for big players

By Tony Jackson



Chemicals developing frontier: embracing defence, transport and leisure

only a tiny proportion of output is of a high enough standard to use. That is the basis of Japan's present dominance in carbon fibre technology. Everything depends on how well the fibre is spun, and if you're a Japanese manufacturer the 99 per cent that isn't good enough can be turned into shirts in Hong Kong.

THE JAPANESE now have some 80 per cent of the world market for carbon fibre (worth up to \$200m, and growing fast). Hercules is the biggest non-Japanese producer, and Courtauld, now working through a joint venture with the US

adhesive producer Dexter Hysol, brings up the rear as the biggest in Europe. But if supply is in Japan, the market is elsewhere. In broad terms, 80 per cent of the world market for advanced composites is in aerospace, 80 per cent of that is in the US, and in turn, 75 per cent of that is military.

THE PENTAGON is correspondingly worried about the fact that the Japanese have an almost complete monopoly in the acrylic precursor used to make carbon fibre. Earlier this

year, it issued instructions that the US industry should produce two-thirds of its precursor requirements within three years. Hercules is planning a precursor plant accordingly, as is BASF of Germany (the BASF plant in Virginia, will cost \$20m).

BASF made its major entry into the US market last year with its \$185m purchase of the composites business of Celanese, including Narmco, one of the big US pre-regs (this process is described in the accompanying article). For BASF, this was second best; it had been outbid, late in 1994,

in its attempt to buy Beatrice Chemical, which ICI carried off for \$750m. Beatrice was a rag-bag of businesses, many of which neither ICI nor BASF wanted, but it did have one jewel—Fiberite, much the highest pre-regger in the world.

It might be thought that \$750m is pretty steep for one small company. But Fiberite had a major asset—the necessary qualifications and security clearance for Pentagon work. And, the big chemical companies agree, there are some colossal Pentagon contracts up for grabs.

Mr Mike Bowman, head of advanced composites at the US chemical group Du Pont, says: "Ten years out, the mission of the military is a different kind of flexible warfare, in planes, helicopters, tanks, everything. An advanced tactical fighter could be 50 to 60 per cent composite, and for aerospace the window of change is now. It'll be shut tight in the next 20 or three years for the next 20—and that applies to Europe as well as the US."

Hercules goes further: "There will be decisions made on military aircraft within the next year. The European Fighter project is in a material selection step right now."

Mr Bowman ticks off the projects in the US. "The Advanced Tactical Fighter for the air force and a version of that for the Navy a couple of years later. Missiles—almost anything is a carbon fibre opportunity. Helicopters—the LHX, the army's all-composite lightweight to replace the Black Hawk."

On land, the Hummer series of vehicles—very light, high-speed troop and weapon carriers. The whole space industry—space stations, Star Wars and so on. Ships—high-speed patrol boats with above-water ballistic protection, usually composites. That all adds up to \$500bn, banging on the two principles of very advanced electronics and light weight. It's all available in the mid-1990s, and that's what everyone's positioning to take advantage of."

For companies like ICI and Du Pont, this means a significant move into the largely unfamiliar territory of defence. For ICI, there may be a snag. There are persistent rumours

in the composites industry that the Pentagon is unhappy about European take-overs of strategic companies. Nothing has been said publicly, however. In any case, there are longer-term strategic objectives. The military may be the main customer now, but the next market is civil aircraft, and beyond that engineering and structural applications in general. Some day, advanced composites will start to penetrate the high-volume car market, though this is still largely the domain of simpler composites such as fibre glass.

The shift to civil aircraft use is already under way. There are, however, two major constraints on aircraft makers: the ability to work with the new materials, and the cost of capital investment needed to employ them. A chemical executive says: "The engineer who builds the plane wants the same certainty on properties as he had with steel or aluminium. But with composites, the properties change depending on how the part is made."

Then again, investment in new plant could be hideously expensive. One big oil company which is also in chemicals says: "Some aircraft manufacturers say composites could make up only 25 per cent of a plane, because the cost of making things like wings would be beyond them. That's where we could have a gleam in our eye, since one of the big assets of an oil company is cash."

The natural answer to problems both of technology and cash seems to be joint ventures. Mr Bowman of Du Pont says: "Alliances between the big manufacturers is the way things will go. It has to happen with both the aerospace and automotive industries."

In Britain, the British Plastics Federation has just set up an Advanced Composites Group to lobby on behalf of the UK composites industry, and in particular to alert the Government to the importance of a growth industry which is seen as slipping out of Britain's hands. But perhaps this can only be a game for a handful of big players around the world, with the big British manufacturers represented already. As one US executive puts it: "Not too many small guys will survive."

Cunard and the Sea Goddess

CASTING a weather eye over the rival fleets when he took command of Cunard's cruise ships some five months ago, Alan Kennedy decided that if there were two other ships he would like in his operations, they were Norske Cruise's Sea Goddess 1 and 2.

In New York, 14 days ago, former naval commander and Thomas Cook chief executive, Kennedy, 51, head that Norske was being threatened by the ships' builders with repossession of the vessels.

The Norwegian company's operations had been hit by the effects of terrorism in the Mediterranean. Five days later, he was outlining a deal to Norske, which was also considering two other bids.

Last Thursday, Kennedy approached Midland Bank with his proposals. Then he flew to Monte Carlo to inspect one of the ships (the other is off Alaska); returned to Devon for talks with Eric Parker, chief executive of Trafalgar House, Cunard's parent; and then spent three more hectic days and nights putting the deal together.

On Wednesday—Norwegian's repossession deadline—Kennedy completed the arrangement under which Midland will provide a \$50m re-financing package for Norske and Cunard will charter the two ships for the next 12 years.

Men and Matters

month period centred on the America's Cup races this winter. And with business recovering from the effects of terrorism, Kennedy says the prospects look promising.

The Norwegian vessels had already gained a faithful clientele. One Englishwoman living in the US had made 12 cruises on one of them.

A heavy-eyed Kennedy announced that he is also going on holiday this weekend. But no cruise for him. "I'm going to a villa in Spain and taking the phone off the hook," he says.

Lloyd's Left The state of the Left in British politics is illustrated by the poor shape of its intellectual flagship, the weekly magazine New Statesman.

Circulation is down to 27,000 (from a peak of nearly 100,000). It makes a large monthly financial loss, the prestige of its name has declined, and it exasperates many of its still-faithful readers.

Share cropper

Roy Davies, once favourite to be managing director of Inchcape, has emerged as the man at the helm of RCR International, the little known company which has bought a 25 per cent stake in the troubled S. W. Farmer engineering group, whose shares were suspended on Tuesday.

RCR is a private company with interests in aviation, car leasing and engineering. It took the Farmer stake in March amid rumours of a takeover. Davies refuses to comment at present on RCR's plans. But Farmer's chairman, John Briggs, an experienced "company doctor," is expected to make an announcement on the company's future today.

Davies was widely expected to take the top job at Inchcape three years ago but he resigned in January 1994 after a disagreement with chairman, Sir David Orr. "It's the sort of thing that happens to the best regulated of companies," Orr

Super-Dutch

While talk of growth in Britain this week has centred around the news that its fireman are getting fatter the Dutch have problems along another axis. Dutchmen, perhaps reacting to their flat land, are getting taller.

So marked is the trend that Dutch builders are now fitting bigger doors in new houses to make life easier for the new super-Dutch.

A spokesman for the Dutch Municipal Building Fund says requests from home-buyers prompted the change. Research has confirmed that the Dutch, already among the tallest Europeans, are getting ever taller.

In 1984 the Dutch army recruited 477 men over six feet seven-inches, compared with 363 in 1980. The army has now ordered bigger beds.

The new standard Dutch door height goes up to six feet eleven inches—a four-inch increase.

Fat secrets

A postscript to yesterday's disturbing disclosures about Britain's fat firemen—approached for comment on the three-year Home Office study of weight and fitness, Rayner Goldsmith, the physiology professor who had the research, said he was unable to help. He had been obliged to sign the Official Secrets Act.

Beat that

The local Department of Health and Social Security office at Redditch recorded this unusual employment distinction from a benefit claimant: "I have now ceased full-time college so I'm going to try the police force, or find a job."

Observer

Advertisement for '24th Overseas Import Fair' featuring various goods like 'Small tools', 'Handicrafts', and 'Technical articles'. Includes contact information for AMK Berlin.



SOUTH AFRICA'S NATIONAL PARTY CONGRESS

President Botha draws the line

By Anthony Robinson in Durban

"GRANTING concessions under conditions bordering on blackmail merely encourages a stronger party to raise his demands." This one line from President P. W. Botha's opening speech to this week's National Party federal congress in Durban...

In essence, the Congress has underlined and codified the message that Afrikaners have drawn the line and will not be pushed back home or by international pressure and sanctions. Further reforms have not been ruled out. More efforts will be made to improve social and economic conditions...

The Congress reflected the widespread feeling that after three years of South African standards—unprecedented changes and reforms accompanied by rising violence, it is time to stop conceding ground. The point the Nationalists are trying to make is that if black leaders want to persuade Afrikaners in particular and whites in general to share power with them then they, too, must make concessions and move away from their current demand for one man one vote in a unitary state leading to black majority rule.

The fear which has affected so many of the party's rank and file in recent years is that by granting what they see as concessions after concessions, only to have the reins for more and faster change from blacks at home and governments abroad, South Africa's ruling white tribe has presented an image of weakness. It has raised expectations of a possible inevitable takeover by the black majority.

Reassuring the white grassroots, as President Botha and other leaders did this week, that the Afrikaner has "no intention



President P. W. Botha addressing his party's congress in Durban this week.

of committing suicide," warning South Africa's neighbours that they will be the first to suffer from sanctions, and generally putting on record that those who believe that power can be easily wrested from Afrikaner hands have badly miscalculated: this, in sum, is the message emanating from Durban.

For that message to be credible and lead to a dampening of the expectations of the African National Congress (ANC) in particular, the first prerequisite has been to reunite the Afrikaner Volk—and bring in as many other non-Afrikaner whites as possible—around the National Party. Putting an end to the damaging split caused by recent defections to the right-wing Conservative and Herstigte Nasionale (HNP) parties, and to the parliamentary Afrikaner Weerstandsbeweging (AWB), has been crucial.

The principle which has been followed at this congress is the simple one that the best way to deal with a threat from the right is to move right yourself

and cut the political ground from under its feet. This has been done with a vengeance. The voice of "verligte" or enlightened liberal nationalists was hardly to be heard among the fervent applause for hardline speaker after hardline speaker.

The voices that counted at this congress were those of Mr Louis Le Grange, the tough Minister for Law and Order, who made clear that the Government was in a hurry to dismantle the state of emergency; General Magnus Malan, the Minister of Defence, who flatly rejected talks with the ANC or the release of its leader, Dr Nelson Mandela; and Transvaal party boss Mr F. W. de Klerk who reaffirmed the party's commitment to the principle of separate group areas. The tone was reinforced by President Botha himself, and foreign minister P. W. Botha, who scathingly criticised the ignorance, hypocrisy and greed of the sanctions lobbies abroad

and warned the countries of southern Africa as a whole of the dire consequences of ignoring South Africa's position as a regional, economic and military superpower.

Meanwhile, far from the Congress Hall itself, traffic was reported to be piling up at tough new border checks at the crossing post with Zimbabwe, through which the bulk of the entire Southern African region's trade passes en route to and from South African ports.

After months of anguish for MPs and local party bosses facing worried, confused and hostile constituents asking where the party was going, here was the kind of congressional message that would halt the rot and win the next election, which President Botha hinted may be around the corner.

Whatever the reservations about the long-term consequences for South Africa privately entertained by delegates, there can be little doubt that from a strictly party point

of view this was, as President Botha said in his closing remarks, "a highly successful congress."

With gold and platinum prices smartly higher and the Stock Exchange, as a consequence, hitting record highs, it was even possible to brush aside as little local difficulties the rejection of homeland independence this week by KwaNdebele and the ruling by a Durban court challenging the legality of key elements of the state of emergency.

Talking to MPs from those constituencies in the Afrikaner "flatland" country areas most affected by defections to the Conservative Party and the AWB gave one of the best indications of how morale within the party has changed since the government signalled its abrupt change of course three months ago by bombing the capitals of Zimbabwe, Botswana and Zambia, reimposing a state of emergency including tight curbs on the media, and spurning Sir Geoffrey Howe.

Four months ago Mr Piet du Plessis, the Minister for Manpower, was besieged by angry white farmers in his Steelpoort constituency on the borders of the poverty stricken Lebowa homeland. They were demanding tough action against "agitators" obstructing their supply of cheap black labour, and were defecting to the right in droves. Asked how the situation had changed since then, he smiled broadly and gestured with a twist of the palm of his hand: "From like this to like this."

The question now is what does the ruling party, relieved of its nightmares of widespread defections on the right, do with the power and confidence it has now begun to regain. The optimistic view is that the National Party has made a tactical retreat in order to consolidate its forces for a more realistic round of bargaining with black leaders in future and a determined effort to beat sanctions and demonstrate that pressure from abroad is counter-productive.

The pessimistic view is that the failure of the National Party to come up with any realistic long-term perspective for a negotiated political settlement with blacks, and its return to old certainties, will further tighten the international screw.

Only time will tell whether the National Party's assumption at this Congress that a hard-nosed restatement of white power, and an end to what is seen as one-way concessions, will in fact lead black leaders

to modify their expectations

But black reaction to the only two new proposals to issue from the Congress, the suggestion of possible city-state autonomy for large black townships and the proposal to organise black elections for representatives to the Government's projected National Statutory Council has been one of instant rejection—not only from the ANC in Lusaka but also by Chief Gatsha Buthelezi, Chief Minister of KwaZulu and leader of the Zulu Inkatha movement.

The ANC dismissed the election proposal put forward by Mr Chris Heunis, the Minister of Constitutional Development, as "merely playing around with concepts" while Chief Buthelezi said bluntly that he was just not interested, and insisted that the essential preconditions for genuine negotiations with the Government remained the release of Mr Mandela and unbanning the ANC.

Both these demands were specifically rejected during this week's Congress. In a clear reference to the ANC, President Botha ruled out the possibility of talks with "those who are not at all interested in negotiations, but only the transfer of power to a radical power clique."

But, as the widespread boycott of elections to black town councils in 1985, and the similar boycott of elections to the Indian and coloured Houses of Parliament a year later demonstrated, South Africa's black majority has the power and the will to frustrate all schemes which fall short of real participation in power and decision-making.

The proposed National Statutory Council is billed by the Government as an advisory body in which blacks would have access to the decision-making process "at the highest level," and be consulted on any future constitutional blueprint. But it is difficult to imagine why black leaders would wish to participate. Both the ANC and astute moderate black leaders, like Chief Buthelezi, know that after two years of violent protest, raised expectations and heightened black political consciousness, agreement to participate in such a vaguely defined and ultimately powerless body—while thousands of black leaders remain in detention and the country is in the grip of a state of emergency—would be tantamount to committing political suicide.

Under these circumstances, the offer to hold elections to the Council is perceived as a hollow gesture, almost one of desperation, and as the Government would have to accept a significant step forward on the path to power-sharing.

After this Congress, the gap between black aspirations and white fears appears as wide, if not wider, than before.

North Korea in a corner

By Steven B Butler in Seoul

AS EVERY schoolboy strategist knows, backing a dangerous enemy into a corner is not always very safe. That, none the less, is precisely where South Korea and the West have put North Korea, which is armed to the teeth and is now receiving more military support from the Soviet Union.

North Korea still is an international renegade and by most normal criteria deserves to be isolated. From the 1969 commando raid into South Korea aimed at assassinating then-President Park Chung-hee, to the 1968 bombing at Rangoon that killed much of the South Korean Cabinet, North Korea has perpetrated a string of outrageous atrocities.

Pressed by a shortage of foreign currency, Pyongyang has also instructed its diplomats to fund foreign missions by smuggling under the protection of diplomatic immunity.

North Korea did try conciliation two years ago, when it began to seek dialogue with South Korea. But the South frustrated the North by insisting that the dialogue produce practical results—trade in real goods or simple humanitarian gestures to reunite families.

The North has now pulled back into its shell, apparently concluding that it has nothing to gain by dialogue, and that any compromises it makes will simply grant more legitimacy to its rival in Seoul, while exposing its own people to outside influences from the west.

The North is now facing its biggest diplomatic defeat since the end of the Korean war.

At the end of September, negotiations from all over Asia, including North Korea's communist ally China, will arrive in Seoul to participate in the Asian Games. Two years later, Seoul will host the summer Olympics, where the participants are likely to include the Soviet Union and the eastern European nations. The world, minus North Korea, and possibly Cuba and Albania, will be coming to Seoul.

Pyongyang is still dithering with a proposal from the International Olympic Committee to co-host some events of the games, and has evidently not yet made up its mind. If the North rejects the proposals in the end, or attaches unacceptable conditions, it will be forced to sit out the games in bitter isolation, and may be tempted to take measures to disrupt them.

But accepting the IOC proposal is hardly better from the

North's point of view. It would be tantamount to conferring legitimacy on the Seoul Government, and would expose North Korea to the eyes of the international press, while failing to provide guarantees that Pyongyang would achieve other long-standing foreign policy goals—opening up more direct ties with the west, particularly Japan and the US.

South Korea's acceptance by the international community is no longer an issue. It has won the competition with Pyongyang. Are there still strong reasons to North if that isolation only encourages extremism?

For years North Korea tried informally to use its close ties to China as a conduit to the West. But China, which has a strong interest in stability in Korea, failed to deliver anything to North Korea. Instead, China's new pragmatism has turned it into a strong trading relationship with Seoul, and will lead it to participate in international events in the South Korean capital.

Unable to achieve satisfaction with Seoul, and being plagued with economic difficulties, Pyongyang has turned increasingly to Moscow where it is picking up Mig 23s and other more sophisticated military equipment.

The closer ties with Moscow cannot sit very happily in Pyongyang, which prides itself on independence. But faced with severe constraints in the economy, including an acute fuel shortage that has forced cuts in military exercises, and growing international isolation, it may have little choice.

The exchange of gunfire on August 5 across the demilitarised zone between North and South Korea ought to serve as a warning. It still is not clear if this was an isolated incident, or the beginning of a pattern of harassment leading up to the Asian games.

If the west wants North Korea to be more moderate it ought to give Pyongyang an incentive, a reason to believe that compromise will bring it something more than humiliation and defeat. The west ought to tell Pyongyang, perhaps very quietly, that if it accepts the IOC proposal to host several Olympic events, and follows through in good faith, the result will be reduced trade sanctions and improved diplomatic access to the West.

North Korea needs to be given a way out of its corner that reduces the threat to peace.

Cornwall's economy

From the County Planning Officer, Cornwall. Sir, It was with a sense of outrage that I read your Editorial "A bad decision for Cornwall" (August 11). The main reason for the Government's decision to make the investment in £15m. Ultimately it may have risked £25m over five years to safeguard the 640 direct jobs with a further 190 jobs by 1990 in the two Cornwall mines. As many jobs as possible, however, will be safeguarded in the supply industries to the mines and in the service sector as a whole. The Camborne School of Mines as a centre of mining training for the whole of the world will continue to exist. In all, the Government's decision affects at least 2,000 breadwinners.

Should the worst happen, the bleakest scenario painted in your article, the Department of Trade and Industry could lose all its investment at a cost of £12,500 per job or £2,500 per year. At best the loss would be the interest on the loan—a minuscule amount. Whatever happens, an area with very little hope of attracting what your Editorial calls "real jobs" has been saved from the abyss—unemployment in west Cornwall is now around 24 per cent and will deteriorate further this winter but, what is more important, the balance of payments will have saved around £35m a year, rising no doubt as the tin price recovers somewhat.

As a nation we can ill afford the luxury of writing off whole industries as a mere balance of payments slip deeper into the red. Tin is not the same as coal or steel. Coal we have in abundance and new efficient mines can be mobilised, but once a tin mine closes it is gone for ever. Moreover, it is not only our supply of tin that will go, the tin-mines of Cornwall produce many other metals whose future looks more secure—Wheal Jane produces more zinc than tin.

Then we come to the question of "real jobs". The supply of these is dwindling year by year as the shadow of high unemployment creeps steadily closer to London. The only "real jobs" being created in large numbers are part-time for women—apart perhaps from the steady growth of work in the City of London.

Seen from the assisted areas, there is considerable doubt whether some of these London jobs would have been created had UK interest rates been much lower. With much lower rates there would be better opportunities for more "real jobs" in the rest of the country. Your feature of Wednesday amply demonstrated the dif-

Letters to the Editor

culties facing the Cornish economy in the current business climate. How much faster the Cornish small manufacturing sector, already showing an upturn, could grow given lower interest rates.

The Government, in the tin crisis in Cornwall, had the guts to look at the medium term, not just the short-term return on investment. There is some satisfaction in all this—short term equals short-sighted and your article displayed an abundance of the latter. When, in future, your editorial talks about "real jobs" you might consider the "real price" of not safeguarding them. Colin Griffin, County Hall, Truro, Cornwall.

The nuclear paradox

From Mr T. Fortescue. Sir, Professor Cassels (August 8) is well qualified to call for a full public debate on nuclear power to be joined and concluded over the coming months. As a layman, I warmly welcome his appeal to the professionals and the media to bring such a debate about. I would like to take issue with him when he states that the public should try hard to pay careful attention "as if we laymen (and women) were naughty schoolchildren giggling at the back of the class."

We have, let me assure the Professor, been paying careful attention for a long time, and since Chernobyl that attention has been riveted. We are of course perplexed, but have the general common sense to have extracted from the cacophony of voices which assails us a few statements of view which can appear to us to be factual in today's state of the art.

Nuclear power is here to stay and will not go away. In common with all mechanisms, nuclear power stations are not infallible. Some will sometimes develop faults no matter what safeguards are introduced. The consequences of a serious fault might do irreversible damage to the health of large numbers of people over a wide area, national frontiers obviously providing no protection. The likelihood of world agreement on nuclear power safety standards in the foreseeable future is small. If it were reached there could be no certainty that it would be honoured. Nuclear power could in theory bring unlimited energy to regions

without fossil fuels or hydro-electric possibilities. The disposal of nuclear waste remains an unsolved problem.

And so on — we are non-technical and we want to be better informed. Those of us who are not firmly committed one way or the other have two co-existent gut feelings — that nuclear power must be developed for the benefit of mankind, even invaluable, as far as "the public" is concerned, to be pursued.

It is in the resolution of this paradox that the debate called for by Professor Cassels will be valuable, even invaluable, as far as "the public" is concerned. Is it too much to hope that the scientists can be persuaded to make a serious attempt to understand our misgivings and to reassure us in language which we can understand and in a manner which we find credible?

From Mr T. Fortescue, 34 Stamford Road, W8.

Alvey at the crossroads

From Mr R. Street. Sir, I was interested to read the article by David Fishlock (August 12) on the UK computing initiative, "Alvey at the crossroads." I believe that the whole programme should be closed down as a lot of academic nonsense.

What has happened is that the UK became scared of what the Japanese were doing and without bothering to find out—even if that were possible—assumed that it was something to do with so-called artificial intelligence. Try defining artificial intelligence, try defining artificial, and then put the two together and you end up in Blubberland—namely something which can be argued about, in usually a circular fashion, for decades.

The Alvey programme is thus trying to get the computer to do something which has not been defined and cannot be defined. A computer does exactly what it is told, nothing more and nothing less. It cannot reason (whatever that means) and it cannot come to any form of conclusion, other than that which it is ordered to do, unless that judgment is based on a set of purely mathematical premises, as could be the case in playing a game of chess.

In any case, as is now clear, the Japanese research effort has run into very serious difficulties (a lot of people succeeded to it reportedly want "nut").

Maybe since the UK could be a little less scared—and a bit more rational about the whole process—we shall cease wasting money on programmes which are put forward by academics, before going into the why and wherefore in much more detail.

As for expert systems, these are nothing more and nothing more than putting a computerised form of knowledge which has been gained over a considerable period by one or more people. Clearly such knowledge can be used on a simple question and answer basis, but when things get complicated, I very much doubt its viability.

I am not in the least surprised that the Advisory Council for Applied Research and Development (AcARD) hardly mentions prospects for artificial intelligence. Robert T. Street, 109 Oak Tree Road, Knaphill, Woking, Surrey.

Outlook for surveyors

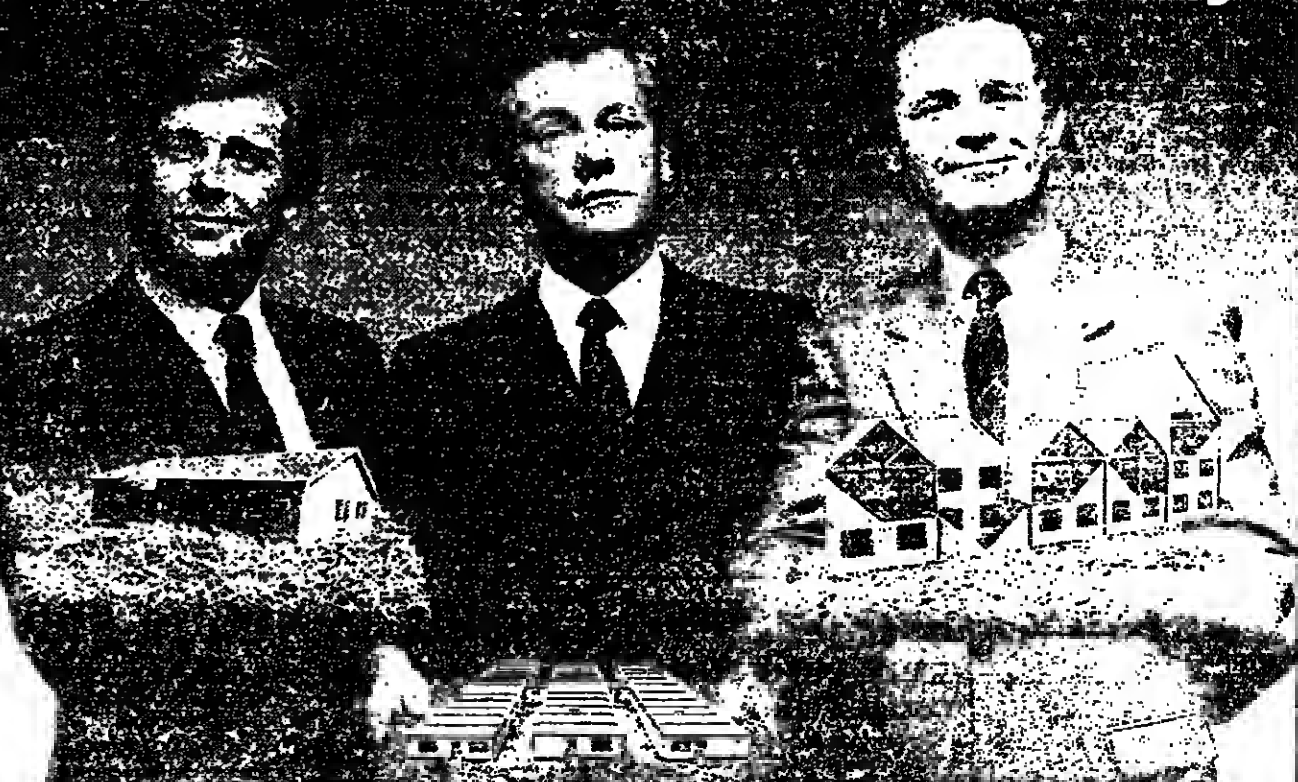
From Mr J. Newsom. Sir—I read the astringent article in your property market report (August 8). Christopher Walls' criticism of surveyors' property investment advice is mainly just but he sounds surprised and somewhat vindictive.

In the past, surveyors never pretended that they were strategic investment advisers and specialist "investment departments" have only been in existence for 15 years or so—financial services departments even less. Nevertheless, their evolution has been rapid from pure broker towards adviser and it is because surveyors perceive the need to become more strategic without losing their technical expertise that they desire competition on the same terms as the financial conglomerates. It does not require a genius to see that surveyors will gradually lose outright control of their destiny, in the same way that stockbrokers have, but that need not reduce them to second class citizens.

The truth is that there has never been good strategic advice on property—and certainly not from the stockbroker profession which has, arguably, been more ignorant of property than surveyors of the other capital markets. There is an unmistakable whiff of revolution in the air and whatever results will undoubtedly broaden the horizons of the surveyor. Real estate is relevant so frequently in commercial, political and domestic life that I can only see an increasing influence for surveyors and not only in the fields of corporate finance and investment.

J. H. Newsom, 21, Bazilbee Road, NS.

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# FINANCIAL TIMES

Friday August 15 1986

## Irish riot police protect loyalist protesters

By Hugh Carnegie in Dundalk

IRISH riot police had to intervene yesterday to protect a group of Protestant loyalists from attack by local republicans in the border town of Dundalk.

The incident followed a court appearance by Mr Peter Robinson, an Ulster Protestant leader and member of the UK parliament. He was remanded on bail on four charges arising from an incursion into the Irish Republic last week by several hundred Northern Ireland loyalists, supporters of the province's union with Britain.

Such clashes are virtually unprecedented in the Irish Republic. Six people, all from the south, were injured in the disturbances which started after police allowed the two sides to mingle outside the court.

Mr Ian Paisley, leader of the Democratic Unionist Party, had called for "every available loyalist" to travel to Dundalk to support Mr Robinson, his deputy. In the event, Irish police estimated no more than 150 came, many of them delayed at the border as Irish police and troops carried out painstaking searches of their cars, confiscating what bracers, umbrellas, spades, flagstaffs and some paramilitary-style clothing.

Mr Robinson himself drove to the court in a high-speed convoy escorted first by the Royal Ulster Constabulary and then by the Irish police. Two union flags flew from his car, which was jostled and kicked as it drove into the town and afterwards as it left.

There were clashes before the court hearing but the most serious came after Mr Paisley and Mr Robinson were safely on their way home, leaving their supporters surrounded by republicans chanting Irish Republican Army slogans.

A group waiting outside the court was stoned and kicked before riot police wielding truncheons began to escort them towards their cars on a nearby games field. As the hooded group pushed through the main street, two milk crates full of petrol bombs were hurled in front of them from a second-floor window, sending a blast of flame across the road but injuring no one.

Mr Paisley said later at a news conference in Belfast that he would be protesting to the EEC and to the British Foreign Office that loyalists had not been properly protected by the Irish authorities. Mr Robin said: "It shows the failure of the Irish security forces to provide 'proper security within their own state at a meaningful level'."

Mr Robinson, MP for East Belfast, faced four charges of assaulting two Irish police officers, damaging a police car and unlawful assembly during the loyalist incursion into the Irish village of Clontarf.

District Justice Aodhagan O'Reilly granted a request by the state solicitor to adjourn the case to nearby Ballybay on October 2.

## DKr drops on trade gap fears

Continued from Page 1

term, only two weeks after the unilateral devaluation of the Irish punt.

"A second realignment for the same reasons as the Irish punt's would signal mismanagement of the system," comments Mr Geoffrey Dennis of broker James Capel in London.

If the D-Mark continues its steady rise against the dollar however, he expects the pressure to rise against the weaker currencies in the EMS. If they gain ground more slowly against the dollar, they will fall back against the West German currency.

The Danish budget is presented while the Folketing is on holiday and is therefore not usually an occasion for important new policy announcements.

## Cunard pays \$50m for two Norske Cruise ships

BY TONY JACKSON IN LONDON

CUNARD, the shipping arm of Britain's Trafalgar House, is to acquire two of the world's most luxurious cruise ships for more than \$50m. The seller, Norske Cruise of Norway, was about to have the ships repossessed for non-payment of interest.

The ships, Sea Goddess I and II, originally cost \$34m apiece. They are 18 months and two years old respectively.

A fortnight ago, Wartsila, the Finnish firm which built the ships and also provided finance, put in a repossession order. Norske Cruise had fallen behind with interest payments, largely because the Achille Lauro terrorist incident, in which a US tourist was killed, had caused a slump in bookings.

The imminent collapse of Norske Cruise had caused concern in Norway. The company, set up to build and operate the ships, is a consortium of a large number of small investors, both Scandinavian and American. The scheme offered scope for tax avoidance.

It has been rescued by a combination of Cunard and Britain's Midland Bank. Technically, Midland has bought the ships and is leasing them to Cunard for 12 years. It has the option to sell them to Cunard at the end of the period.

Cunard, which already owns five cruise ships including the Queen Elizabeth 2 (QE2), said cruises on the two Norwegian vessels were among the most expensive in the world. Each ship has 58 double cabins, which cost \$1,200 per day.

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Sea Goddess I is at present cruising from Vancouver to the Arctic and her sister ship is in the Mediterranean.

Trafalgar House said it could run the ships substantially more cheaply. "A large proportion of the cost of running a cruise ship is land-based," the company said. We have the sales and service network round the world and the marginal cost of selling another 222 tickets a week is practically nil. It's a fabulous deal for us."

Besides the QE2, Cunard owns two ships in the five-star luxury class, the Sagafjord and the Vistafjord. Its other two, the Cunard Countess and the Cunard Princess, are described as at the lower end of the four-star range.

## Australian current account deficit worsens

By Emilia Tegaza in Canberra

AUSTRALIA'S current account deficit worsened dramatically last month, increasing pressure on the Labor government to make its 1986-87 budget, to be announced on Tuesday, the most stringent during its three years in office.

The deficit reached A\$1.56bn (\$922m) in July, an increase of almost A\$500m over the June figure. Imports rose by 2 per cent during July while exports dropped by 3 per cent, resulting in a trade deficit of A\$324m, up from A\$185m in June.

Money market dealers said the deficit was worse than their most pessimistic forecasts, but the figure did not cause another plunge in the Australian dollar's value. The market is looking more at Tuesday's budget for signals for the currency's direction.

Mr Bob Hawke, the Prime Minister, put on a brave face, saying that the deficit was within the expected range of A\$1.4bn to A\$1.7bn. He was heartened by the market's reaction.

Mr Jeff Schubert, economist for Wardley Australia, said the A\$1.56bn deficit made it even more urgent for the government to cut the budget drastically. "The market is looking at a budget deficit of A\$44m and if it doesn't get that, there will be further downward pressure on the Australian dollar," he said.

There were several areas where the government could reduce expenditure, but the question was whether it had the will to cut spending in politically sensitive areas.

Mr John Buton, the Minister for Industry and Commerce, said he did not expect an improvement in Australia's trading position in the near term. "It has taken 20 years for Australians to become aware of the structural deficiencies in the economy, especially the over-reliance on mineral resources, and you're not going to change that overnight."

One factor that had abetted Australia's external accounts problem was the huge increase in the amount of money flowing out of the country. From July 1985 to June 1986, private companies' direct investment in overseas stocks amounted to A\$2.4bn, an 85 per cent rise over the previous financial year's A\$1.3bn. During the first nine months of 1985-86, direct capital outflow had reached A\$1.6bn.

To offset the capital outflow, Mr Paul Keating, the Federal Treasurer, last month announced new investment guidelines which dismantle most restrictions on equity investments in Australia by foreigners. He also abolished the dividend withholding tax and the profits tax that used to be levied on foreign investments in Australia.

## Guinness sells BP shares

Continued from Page 1

On Wednesday, Guinness unveiled new proposals including the appointment of four non-executive directors in a move to dampen the controversy over its earlier plan to scrap a group Guinness-Distillers board. Although the regulatory authorities have supported this move, they still intend to keep the pressure on Guinness through the prising of the shareholders circular.

Mr Marcus Agius, a director of Lazard merchant bank advising Guinness, and president elect, Lord Lynch, denied any difficulties with the Stock exchange. "We are just going through normal drafting procedures."

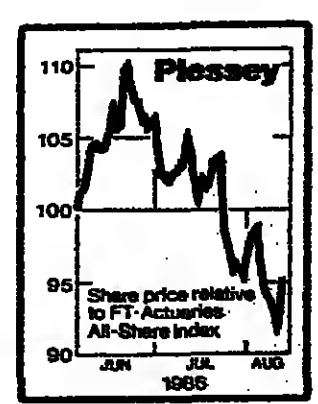
Mr Agius said Guinness had done very well to gather a strong non-executive team of high calibre in the four weeks since the controversy began.

But the regulatory authorities are apparently keen that Guinness should name its proposed fifth non-executive director who will have close ties with Scotland.

## THE LEX COLUMN

# Painful exchange for Plessey

Plessey admirably resisted an inclination to rub GEC's nose in the Monopolies Commission report by announcing first quarter figures, to June, no better than expected at £43.3m pre-tax, 10.2 per cent ahead. But since Plessey has set itself up as a contrary thinker, short-term profits are regarded as bad if they are made at the expense of growth further ahead. Investors who have had a long wait for the long term to arrive, at least got the hint that next year the horizon will seem nearer.



In telecommunications, Plessey is suffering the painful transition from old style exchanges, which stopped selling in the second quarter of the last financial year, to System X, now building up. The £5.1m improvement in telecommunications operating profits to £18.7m was more than accounted for by a £1.1m turnaround to profit in payphones, and a £4m swing into profit at Stromberg-Carlson in the US. In the US, Plessey has to prove itself as a supplier to some of the Bell companies, and with field trials now taking place the chances are good of major orders stretching ahead in 1986 and beyond. Orders for Ptarmigan and Raven on the defence electronics side may be closer at hand, while in microelectronics profits will be held back this year by the opening of a new £40m plant.

If all that seems like jam tomorrow, the market must value current earnings on the chances of investment paying off sufficiently to make up for profits foregone now. If profits this year reach £200m, against £170.2m and with a tax charge of 36 per cent, the multiple of around 11 with the shares at 194p, down 6p yesterday, is not asking much. One certainty is that Plessey is still growing its dividends at 15 per cent each year.

Royal was just as confident about North American commercial premises as General Accident or Commercial Union and could turn out even better figures; premium income in local currency terms was up 49 per cent in the US in the first half (21 per cent in Canada) with operating ratios down 15 points in both territories. At that level of profitability, there can be no worries about Royal's US capital base.

The bears may be alarmed that US commercial multiplier policies are now being renewed at decreasing rates of only 40 per cent. Yet when Royal is underwriting all its commercial business but workers' compensation at a profit, the 70 per cent price increases of the winter would carry the double risk of new capacity and rate-capping. If Royal does not make well over £200m for the year, it must be the weather.

## Royal Insurance

The London market had such exaggerated hopes of yesterday's interim from Royal Insurance that it was not to be satisfied by dividend growth ahead of the market (at 14 per cent) and the conversion of last year's £18m pre-tax loss into an £87m gain. Royal itself lost 7p on the day to 824p and the other composites, which were streaming ahead on General Accident's generous dividend announcement, ground to a halt.

## BBA

When the new improved BBA management did the grand tour of the City of London this summer the institutions were having severe difficulties in getting hold of enough of the wonder stock. How considerate therefore of the motor components group to swell its equity by 25 per cent. The interim pre-tax profits of £12.4m were pretty much in line

with expectations, but the hefty issue of new shares was not. With gearing running up to 80 per cent, it should have been.

This is not one of those tedious equity calls that dilute earnings. The company insists that the straightforward application of the funds to debt reduction will increase earnings per share this year. Some shareholders might object from that that it would be just as good not to take up their rights and use the unspent money on gifts of their choice. At the very least the admission shows just how much Dr John White and friends must do to bring return on capital in the company up to acceptable levels.

The problem with the interim results is that yet again the UK earnings are in the doldrums. The fact that overseas earnings are buoyant by comparison draws yet more attention to BBA's ACT problem. The company needs another £4m a year of UK earnings to escape entirely from the tax trap, and that seems most likely to come from yet another acquisition. Given that the company takes gearing of about 80 per cent to be a desirable level, and that the rights issue will reduce the figure to half that level, BBA has around £25m to spend, even before recourse to further paper. Industrial textiles appears to be the choice, but BBA is by no means the only one shooting at that particular target.

To hail yesterday's BP placing as the first bought deal in the London equity market is more investment bank hype than a statement of fact. In a sense bought deals have been happening for years, though dressed up as best-efforts placings; and the UK end of the deal conforming to pre-Big Bang Stock Exchange rules. Though Guinness was paid a net price for its shares, Howard Govey and the market took their turns, while buyers paid the usual stamp and commission. Salomon Brothers' 20 per cent of the action was no more than an international placing of an international stock. The deal was an undoubted success as the 8p rise in BP's shares to 568p shows. But that offers more to the change in sentiment towards oils than admiration at the placers' courage in taking a momentary risk.

## BP placing

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## Brussels and Bonn to probe state aid for Daimler plant

BY RUPERT CORNWELL IN BONN

THE EUROPEAN Commission and the West German Government are to investigate plans by the Daimler-Benz motor group to build a DM 1.8bn (\$866m) car plant in Baden-Württemberg. They suspect that help from the local state government might contravene EEC competition and subsidy regulations.

Mr Martin Bangemann, the West German Economics Minister, said yesterday that his officials had been approached by Brussels about the scheme for the assembly plant at Rastatt, for which the Baden-Württemberg Government in Stuttgart is estimated to be putting up between DM 5120m and DM 5140m. The ministry has requested full details from Mr Lothar Späth, the state's Premier.

The probe is a further sign of the Commission's determination to stamp out subsidies to the European motor industry. It is seeking to block FF 2bn (\$445m) of grants recently allocated by the Paris government to Renault, the nationalised car manufacturer.

That attempt is likely to run into stiff opposition from the French, but the Daimler-Benz case is less clear-cut. If the money is to be contributed by Baden-Württemberg merely covers general public infrastructure improvements, made necessary by the plant, it may be permissible under Community rules. But if it was specific, it might be an infringement of competition, Mr Bangemann said.

Mr Bangemann, leader of the Free Democrat (FDP) junior coalition party, did not hide his own misgivings about the aid, promised by Baden-Württemberg where the Christian Democrats (CDU) have

an absolute majority in the state parliament.

"From a purely political viewpoint," the minister said, there was much about it which he did not like. The affair could cause embarrassment for him in Brussels where West Germany has long campaigned for a reduction in industrial subsidies, for example in the European steel industry.

"It's not a very convincing policy to fight against subsidies at Common Market level and then be a member of a government which authorises them at home," Mr Bangemann said.

The new Rastatt operation is expected to assemble some 70,000 cars a year and provide 7,000 jobs. But critics of the help provided by the Stuttgart government point out that Daimler-Benz is not only West Germany's largest industrial company but also one of its richest.

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## Schwab resigns as main board member of BankAmerica

BY PAUL TAYLOR IN NEW YORK

MR CHARLES SCHWAB, chairman and chief executive of BankAmerica's discount brokerage subsidiary, has resigned from the main board of the struggling West Coast banking group.

The surprise move late on Wednesday came three days after BankAmerica announced that Mr John Poelker was resigning after only six months as chief financial officer and treasurer. It was seen on Wall Street as raising further doubts about the banking group's immediate recovery prospects.

Mr Schwab, who became a BankAmerica director when his discount brokerage business, Charles Schwab and Co, was acquired by the banking group in 1983, is believed to have been an increasingly vocal critic of BankAmerica's senior management team and an active boardroom dissenter in recent months.

Last year, he tried to buy the brokerage business back from the group. Earlier this year, he is believed to have been among a small minority of BankAmerica directors who backed an abortive bid by Mr Sandy Weil, the former American Express president, to take over the group and replace Mr Samuel Armacost as the banking group's chief executive and chairman.

Mr Schwab said he was resigning from the bank and holding company boards "to be able to devote undivided time and attention" to the affairs of the brokerage business "and to ensuring that it is the most successful enterprise in the business."

Nevertheless, his decision, coming hard on the heels of Mr Poelker's resignation and BankAmerica's \$640m second-quarter loss, was viewed on Wall Street as another blow for the recovery hopes. Mr Armacost said Mr Schwab had been a valuable contributor to the board's deliberations. "We respect his wish to concentrate his business attention exclusively on the growth and success of the company he founded."

BankAmerica faces pressure to increase its capital or shrink itself because of a series of big losses mainly resulting from the need to bolster reserves to cover its problem loan portfolio. However, Mr Armacost has said that the group will not sell Charles Schwab and Co or SeaFirst, a subsidiary banking group, two of its most valuable assets.

There has been criticism on Wall Street of Mr Armacost and Mr Leand Prussia, the two senior executives who have run the group for the past five years, and some speculation about Mr Armacost's future.

Mr Schwab's resignation appears to consolidate Mr Armacost's grip on the bank's dwindling 14-member board, which he has chaired since Mr Prussia stepped aside in March.

The announcement of Mr Schwab's resignation came after Wall Street closed on Wednesday. In early trading yesterday, BankAmerica shares had fallen 5 1/2 to \$12, an all-time low.

Men and Matters, Page 10

## West Germany may cut rates

Continued from Page 1

rency markets and on debtor states hoping for expanding sales in the industrialised countries.

It is also noted that within the European Monetary System (EMS), the D-Mark has regained part of the strength lost through the realignment in April. This, too, is felt to give more scope for a cut in the German discount rate, but preferably as part of co-ordinated action with European partners.

## Canada GNP 'to slow'

Continued from Page 1

CANADA'S rate of economic growth is expected to continue to slow until the end of next year, the Organisation for Economic Co-operation and Development (OECD) said yesterday, Reuter reports from Paris.

It noted that Canada's output growth over the past 18 months had been among the highest in the OECD area, exceeding the predictions of even optimistic forecasters.

But economic prospects for the end of 1987 were strongly affected by the recent decline in oil prices, the outlook in the US and the orientation of fiscal policy toward budget deficit reduction.

"On balance GNP (gross national product) volume growth is expected to slow to around 3.75 per cent this year and 3.25 per cent in 1987, mainly reflecting the implications of fiscal consolidation on both real public consumption and real household disposable income," the OECD said.

Canadian GNP rose 4.5 per cent in 1985 and 5.9 per cent in 1984.

## World Weather

Area	S	C	F	Area	S	C	F
Algeria	26	82	92	London	15	59	70
Amman	27	81	89	Madrid	16	61	74
Ankara	28	82	90	Moscow	17	63	75
Antwerp	12	54	69	Nairobi	21	70	82
Athens	28	82	90	San Francisco	14	57	71
Bahia	26	80	92	Seattle	14	57	71
Bangkok	28	83	91	Stockholm	14	57	71
Barcelona	28	83	91	Taipei	22	72	82
Bombay	28	83	91	Tokyo	22	72	82
Buenos Aires	15	59	70	Washington	14	57	71
Calcutta	28	83	91	Wellington	14	57	71
Cairo	28	83	91	Yokohama	22	72	82
Cardiff	15	59	70				
Chengde	26	80	92				
Chicago	24	75	85				
Copenhagen	21	70	82				
Dakar	27	81	89				
Dhaka	27	81	89				
Dublin	15	59	70				

## Bhutto held after riots in Pakistan

Continued from Page 1

party Movement for Restoration of Democracy (MRD) had been arrested by the end of yesterday.

Miss Bhutto accused Mr Mohammad Khan Junejo, the Prime Minister, of being nothing but the head of a civilian martial law government.

"If the regime hopes," she added, "that by arrests, no matter how widespread, to stem the tide of popular opposition to its rule then it has calculated wrongly."

If the security situation deteriorates further President Zia ul-Haq, who is on a pilgrimage in Saudi Arabia, may have to return to take charge.

There are fears that this week's disturbances may prompt the army to put pressure on President Zia to reimpose martial law. He would

resist this since it would undermine his carefully nurtured plans for the restoration of limited democracy.

Since returning from self-imposed exile Miss Bhutto has been able to travel and speak freely. Until yesterday's crackdown, diplomats believed she was making only limited progress in undermining the regime.

One observer said: "Her arrest and the killings give the opposition the cause it was looking for. It's a major setback in the transition to civilian rule."

On Monday Mr Junejo had cancelled his own rally which was to have taken place at Lahore yesterday and he appeared to the opposition to do likewise.

Miss Bhutto and other MRD leaders rejected Mr Junejo's request and claimed that he had cancelled his own meeting because fewer people would have attended it.

The Government then imposed a legal ban on all political meetings and rallies across the nation and arrested more than 400 political activists, including a dozen top leaders of MRD, in a pre-dawn swoop on Wednesday.

Miss Bhutto led a demonstration of 8,000 supporters from her seaside residence in Karachi. The procession was repeatedly teargassed by the police who also fired into the air to frighten the crowd.

Miss Bhutto later defied the Government ban once again, when she secretly arrived at another opposition public meeting.

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## SECTION II - COMPANIES AND MARKETS

# FINANCIAL TIMES

Friday August 15 1986

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## Conifer faces takeover

BY PAUL TAYLOR IN NEW YORK

CONIFER Group, the sixth-largest banking group in Massachusetts, facing an unsolicited takeover bid by Fleet Financial Group, agreed to be acquired by Boston-based Bank of New England in a share swap deal valued at \$850m.

Bank of New England is the second-largest banking group in New England and the 28th largest banking group in the US.

If completed, the deal would mark a further consolidation of the banking industry in New England and a significant coup for Bank of New England which will emerge with about \$24bn in total assets. Conifer, which has itself been growing rapidly through acquisitions, has assets of \$3.9bn, up from \$2.54bn at year-end.

Bank of New England, which became a major regional banking group as a result of the mid-1985 merger of Bank of New England and Connecticut-based CBT Corporation, agreed to exchange stock worth \$82 for each Conifer share.

Last month Fleet Financial, the Providence, Rhode Island banking group which has also been growing rapidly through acquisitions, offered to acquire Conifer in a deal valued at \$59-a-share or \$554m. Fleet said it had offered to increase its bid but indicated that it was not willing to match Bank of New England's bid which is a hefty three times Conifer's book value.

Under the preliminary agree-

ment, which has been approved by both boards but which will probably be reviewed by bank regulators because both groups already have a strong presence in Massachusetts, Bank of New England agreed to exchange up to 1.85 of its shares and not less than 1.65 of its shares for each of Conifer's 10.5m common shares.

In addition, Conifer granted Bank of New England an option to acquire up to 3.4m of its shares, or 25 per cent of its stock after exercising the option, for \$50 each.

In response to the announcement, Conifer's stock gained 3 3/4% a share to \$54 1/4 while Bank of New England's stock fell 5% a share to \$32 1/4.

## Profits at KLM hit by weak dollar

By Laura Raun in Amsterdam

KLM ROYAL DUTCH Airlines incurred a 29 per cent drop in profits to Fl 82.2m (\$36.7m) in the first quarter due to smaller revenue resulting from stiffer competition and the sharply lower dollar.

Much of the Dutch flag carrier's revenue is denominated in the dollar, which was 27 per cent weaker in the first quarter ended June 30 than a year earlier, thus translating into fewer guilders.

Keener price competition arising from deregulation and the fall-off in American passengers cut heavily into traffic revenue. KLM is believed to have suffered a drop in US traffic, like other airlines, because of fears of international terrorism.

Total turnover declined 11 per cent to Fl 1.39bn, including a 13 per cent drop in traffic revenue. The occupancy rate - the number of passenger seats and freight space filled as a percentage of the total - slipped to 66.4 per cent from 67.7 per cent in the first quarter of 1985.

Overall costs decreased 9 per cent to Fl 1.31bn, aided by a 44 per cent change in fuel costs due to the cheaper dollar. The depreciated dollar also whittled down financial charges by half to Fl 12.3m from Fl 25.2m. On balance, however, the eroded dollar hurt KLM more through lower revenue than through helping to cut fuel and financing costs.

Total traffic climbed 6 per cent to 857m ton-kilometres in the first quarter with passenger, freight, post and charter categories rising. The latest quarter represented a turnaround for freight traffic.

Mr Carl Icahn, the Wall Street corporate raider who controls Trans World Airlines (TWA), expects the embattled international carrier to post a net profit in the third quarter after its first-half deficit of \$256.6m.

Mr Icahn said after the company's annual shareholder meeting: "I'm optimistic about the quarter. We should have a net profit." In the 1985 third quarter TWA suffered a \$13.5m loss.

During the meeting Mr Icahn had said that TWA earned \$25m to \$30m pre-tax in July and that he expected August's results to be better. He added that the company's costs had been reduced and its load factor had improved from 70 per cent to 74 per cent last month.

A third-quarter profit would represent a considerable achievement for the airline, which was hit in the first part of the year by a loss of traffic to Europe because of American fears of terrorism, and the recent strike by flight attendants which had cost the airline more than \$100m.

## Asea boosts turnover by 32%

BY KEVIN DONE, NORDIC CORRESPONDENT, IN STOCKHOLM

ASEA, the Swedish electrical engineering group, boosted its turnover by 32.3 per cent in the first six months of the year to SKr 22.7bn (\$3.3bn), helped by the invoicing of the Oskarshamn 3 nuclear power station.

Profits (after financial items) rose by 19.9 per cent to SKr 1.329bn. The group repeated its earlier cautious forecast that earnings in the full year should at least match 1985 results.

Pre-tax profits in the first six months have been inflated by extraordinary gains of SKr 899m and as a result more than doubled to SKr 2.228bn from SKr 1.096bn in the first half of 1985.

During the first half of 1986 Asea has sold off part of its power gen-

eration assets including a 7.5 per cent stake in OKG, the utility owning the Oskarshamn nuclear power station, and hydropower assets worth a total of SKr 1.7bn. In addition it has disposed of a 16 per cent shareholding in the Aker group, the Norwegian engineering and offshore fabrication concern, for more than SKr 300m.

Partly as a result of the disposals, Asea's liquid assets had climbed to SKr 10.833bn by the end of June compared with SKr 6.27bn at the end of 1985 and SKr 6.53bn a year earlier.

The group said that the value of new orders booked in the first half of 1986 rose by 30 per cent to SKr 24.9bn, compared with SKr 19.26bn in the corresponding period a year

earlier. The chief increase came in Asia and Western Europe, excluding Sweden.

Asea said that the weak economy in Sweden, reflected above all in low industrial investment, had slowed domestic order bookings, which would have a negative impact on margins.

New orders include a contract for a light rail transit system for Istanbul, and three orders for High-Voltage Direct-Current (HVDC) installations.

The group's operating earnings after depreciation rose by only 13.6 per cent to SKr 1.045bn, but profits were boosted by a further improvement in net financial income.

Asea is expanding its financial services and trading activities, in-

cluding insurance, stockbroking and money market trading, and earnings in this sector were helped by declining interest rates and the strong performance of the Swedish stock market.

The group said that the earnings of several of its domestic subsidiaries had declined due to the slowdown in the Swedish economy and earnings had also been hit by labour market conflicts in Finland.

Capacity utilisation in most parts of the group was generally satisfactory. Group capital expenditure rose to SKr 807m from SKr 544m in the first half of 1985.

As a result of a number of earlier acquisitions the Asea workforce has risen to 64,476 from 59,439 in 1985.

## Navistar earnings slip further

BY OUR NEW YORK STAFF

NAVISTAR International, the US heavy and medium truck group, yesterday reported a further decline in its quarterly operating net earnings to near-breakeven levels. It cited a sharp downturn in heavy truck sales and gave a warning that it saw no signs of a market turnaround.

In the immediate wake of the poor results and gloomy outlook, Navistar's share price fell 3/4 to 57 1/2. The Chicago-based group, which changed its name from International Harvester earlier this year, said its operating earnings plunged to \$3m in its fiscal third quarter ending July 31 from \$28m or 21 cents a share in the year-ago period. Sales dropped by almost 14 per cent to \$762m from \$885m.

Navistar said third-quarter retail sales of heavy trucks were about 20 per cent below the 1985 level while medium truck demand was unchanged. "The economic turbulence which has buffeted the heavy truck industry throughout 1986 shows no signs of abating," the company said.

It added that it expected the depressed market conditions and consequent price discounting of both new and used heavy trucks to continue in the fiscal fourth quarter. The truck maker also noted that demand for its 6.9 litre diesel engines fell in the latest period from the full capacity levels of the first half.

Navistar's net earnings also fell, due in part to lower tax credits. In the latest quarter a \$2m tax benefit

made final net earnings of \$5m or one cent a share, while a \$25m tax benefit in the year-ago period lifted net earnings to \$54m or 39 cents a share.

For the nine-month period Navistar reported operating net earnings of \$28m or 12 cents a share, down from \$82m or 30 cents a share in the year-ago period, on sales which fell by 7.9 per cent to \$2.43bn from \$2.64bn.

In the latest nine months, a \$24m extraordinary gain from income tax benefits made final net earnings of \$52m or 30 cents a share. This was compared to a huge \$421m loss in the year-ago period when the group was hit by a \$576m loss on discontinued operations only partly offset by a \$73m tax benefit gain.

## Hall files \$275m suit against Federal Savings

BY MARY FRINGS IN DALLAS

MR CRAIG HALL, the Dallas real estate syndicator who has been negotiating since January to restructure more than \$700m in debt, has filed a \$275m damages suit in Dallas and Detroit against the Federal Savings and Loan Deposit Insurance Corporation (FSLIC).

The suit arises out of \$132m in loans from Westwood Savings and Loan Association of Los Angeles on 15 apartment and office properties owned by Hall limited partnerships in Texas, Colorado and Michigan.

In June Mr Hall announced a preliminary restructuring agreement with Westwood but a month later the FSLIC, acting as conservator for the troubled thrift, asked the courts to appoint a receiver for the properties and to seize all income from them.

This action, Mr Hall claims in his suit, had disastrous effects on the economic viability of the whole of

Hall Financial Group, which with \$3bn in assets is one of the nation's largest privately-owned real estate syndication firms.

In another development, Manufacturers Hanover Trust and a group of other bank lenders have posted for foreclosure nearly 500 acres of property in Texas and other assets owned by three members of the Hunt family of Dallas, for payment on a \$846m line of credit to Penrod Drilling.

This follows a posting last week on the Hunt-owned Plicid Building and Service Company's 27 per cent interest in the Thanksgiving Tower, a 50-storey central Dallas building, for payment on a \$100m loan.

In a tangle of lawsuits, the companies and trusts controlled by Banker, Herbert and Lamar Hunt have filed two damage claims totaling \$13.8bn from 23 banks, including National Westminster

## Pharmacia ahead by 16% in first half

By Sara Webb in Stockholm

PHARMACIA, the Swedish pharmaceuticals and biotechnology group, announced a 16 per cent increase in profits after financial items for the first six months of this year.

Profits after financial items were SKr 426m (\$61.6m) compared with SKr 368.2m for the first six months of last year.

The company has had to increase its estimated tax bill since the end of the last quarter. It expects after tax profits of SKr 311m a 7 per cent rise on the first half of 1985.

Group sales for the first half year were up 4 per cent to SKr 1.769bn from SKr 1.703bn despite a fall in the dollar.

Pharmacia expects sales for the year to increase by between 5 per cent and 10 per cent. Profits after financial items are expected to rise more rapidly than sales.

## Simmons gains control of US chemical group

MR HAROLD SIMMONS, the Dallas investor, yesterday cemented his control of NL Industries through a complex deal that follows recent open market purchases which lifted his stake in the US oil services and chemicals group to more than 51 per cent, writes Our Financial Staff.

The two sides have been involved in a protracted takeover saga which last week spilled over into the courts when a judge ruled NL's "poison pill" anti-takeover tactics invalid. However, Mr Simmons was also prevented from continuing with a tender offer for the company, and attempted to sidestep the court order by buying shares in the market.

Now NL and Amalgamated Sugar, which is controlled by Mr Simmons, have entered an agreement to "work together to maximise the value of NL's common stock and its Series C convertible receipts."

The deal calls for the restructuring of NL's board so that five of its nine members will be designees of Amalgamated.

## Maxwell stages raid on shares of Extel group

BY CHARLES BATCHELOR IN LONDON

MR ROBERT MAXWELL, publisher of the Daily Mirror, yesterday staged a surprise stock market raid on the shares of Extel, the business and sporting information group, to increase his holding from 17 per cent to 27 per cent. He bought 4.2m Extel shares for about £18m in 90 minutes.

Mr Maxwell said the share buying was intended to reinforce his opposition to Extel's plans to buy Dealers Digest, a New York financial publishing company, for \$40m, a price he considered excessive.

Mr Maxwell's surprise move came exactly a week after the full takeover panel had rejected his appeal against a ban on him bidding for Extel for a year.

Mr Maxwell had backed an earlier unsuccessful £170m (\$238m) takeover bid for Extel from Demerger Corporation, a specially-created company, and had said he wanted to launch a bid of his own.

His association with Demerger, however, led to a takeover panel ruling that he was acting "in concert" and prompted the 12-month ban on renewing the bidding.

By buying less than 10 per cent of Extel's shares yesterday and keeping his total below the 29.9 per cent level at which a full bid would be triggered, Mr Maxwell has kept within the rules of the takeover code.

In a prepared statement, Mr Maxwell said he intended to cast his votes against a resolution to be put to Extel shareholders on August 29 seeking approval for the Dealers Digest purchase.

The resolution to buy Dealers Digest requires a simple majority, however, so Mr Maxwell's stake is not large enough in itself to block the deal.

## Sharp income decline at Bear Stearns

By Terry Dodsworth in New York

BEAR STEARNS, the US securities group which made a public offering in its shares last year, suffered a sharp fall in profits in its first quarter, apparently because of difficult trading conditions in July.

Net income in the three months to July fell by 20 per cent to \$31m from \$49m, while revenues slipped to \$499.7m from \$565.2m. Earnings per share dropped to 23 cents from 37 cents.

Bear Stearns said that all sectors of the business operated at high revenue levels. The company was particularly gratified by the continuing acceleration of its mergers and acquisitions activities, along with the development of its investment banking interests.

But it conceded that market conditions during the quarter, especially in July, had "caused several areas that are traditionally substantial contributors to income to operate at modest profitability."

This advertisement complies with the requirements of the Council of The Stock Exchange. It does not constitute an offer of, or an invitation to the public to subscribe for or to purchase, any securities. These Notes have not been registered under the United States Securities Act of 1933 and may not be offered or sold in the United States or to U.S. persons as part of the distribution of the Notes.

## Lloyds Bank Plc

(Incorporated in England with limited liability under the Companies Act 1862 and the Companies Act 1985)

### U.S. \$600,000,000

Primary Capital Undated Floating Rate Notes (Series 3)

Issue Price 100.10 per cent.

The following have agreed to subscribe or procure subscribers for the Notes:

#### Lloyds Merchant Bank Limited

Bank of Tokyo International Limited  
Barclays de Zeele Wedd Limited  
County NatWest Capital Markets Limited  
Credit Suisse First Boston Limited  
Deutsche Bank Capital Markets Limited  
Goldman Sachs International Corp.  
LTCB International Limited  
Mitsubishi Finance International Limited  
Morgan Guaranty Ltd  
Nomura International Limited  
Salomon Brothers International Limited  
Sumitomo Finance International  
Union Bank of Switzerland (Securities) Limited

Bankers Trust International Limited  
Commerzbank Aktiengesellschaft  
Credit Lyonnais  
Daiva Europe Limited  
Dresdner Bank Aktiengesellschaft  
Hongkong Bank Limited  
Merrill Lynch International & Co.  
Samuel Montagu & Co. Limited  
Morgan Stanley International  
Orion Royal Bank Limited  
Shearson Lehman Brothers International, Inc.  
Swiss Bank Corporation International Limited  
S.G. Warburg, Akroyd, Rowe & Pitman, Mullens Securities Ltd.

ANZ Merchant Bank Limited  
Bank of China  
Banque Indosuez  
Banque Paribas Capital Markets Limited  
Citicorp Investment Bank Limited  
First Interstate Capital Markets Limited  
Generale Bank  
IBJ International Limited  
Kidder, Peabody International Limited  
Kreditbank N.V.  
Mitsui Trust International Limited  
The Nikko Securities Co., (Europe) Ltd.  
Saitama Bank (Europe) S.A.  
J. Henry Schroder Wagg & Co. Limited  
Takagin International Bank (Europe) S.A.  
Westpac Banking Corporation  
Wood Gundy Inc.

Application has been made for the Notes, in bearer form in the denomination of US\$ 10,000, constituting the above issue to be admitted to the Official List by the Council of The Stock Exchange, subject only to the issue of the Temporary Global Note. Interest will be payable six monthly in arrears in February and August, commencing in February 1987.

Particulars of the Notes are available in the statistical services of Extel Statistical Services Limited. Copies of the listing particulars relating to the Notes may be obtained during usual business hours on any weekday (Saturday and public holidays excepted) from the Company Announcements Office of the Quotations Department of The Stock Exchange, Throgmorton Street, London EC2, up to and including 18 August 1986 or during usual business hours on any weekday (Saturdays and public holidays excepted) at the address shown below up to and including 28 August 1986:—

Lloyds Bank Plc 71 Lombard Street London EC3P 3BS (Attn: Secretary)	Lloyds Merchant Bank Limited 40-64 Queen Victoria Street London EC4P 4EL (Attn: Capital Markets)	Hoare Govett Ltd. Heron House 319-325 High Holborn London WC1V 7PB (Brokers to the Issue)	Lloyds Merchant Bank Government Bonds Limited 40-64 Queen Victoria Street London EC4P 4EL (Brokers to the Issue)	The Chase Manhattan Bank, N.A. Woolgate House Coleman Street London EC2P 2HD (Attn: Corporate Trust)
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15 August 1986

**Lloyds Bank**

This advertisement complies with the requirements of the Council of The Stock Exchange and does not constitute an offer of, or invitation to subscribe for or purchase, any securities.

## National Australia Bank Limited

(Incorporated with limited liability in the State of Victoria, Australia)

### U.S. \$50,000,000

### Floating Rate/High Initial Spread Notes due 1993

Issue price 100 per cent.

The following have agreed to subscribe for the Notes:—

Nomura International Limited

Kyowa Bank Nederland N.V.

Mitsubishi Trust International Limited

Mitsui Trust International Limited

Sumitomo Finance International

Tokai International Limited

Application has been made to the Council of The Stock Exchange for the Notes to be admitted to the Official List.

The Notes will bear interest, calculated as set out in the listing particulars, from 27th August, 1986 payable semi-annually in arrears on the interest payment dates falling in February and August, except that for the last 3 years from the interest payment date falling in August 1990 to 27th August, 1993 the Notes will not carry any interest.

Listing particulars relating to National Australia Bank Limited and the Notes are available in the Extel Statistical Service and copies may be obtained during usual business hours up to and including 19th August, 1986 from the Company Announcements Office of The Stock Exchange and up to and including 29th August, 1986 from:—

Nomura International Limited, Nomura House, 24 Monument Street, London EC3R 8AJ.	Rowe & Pitman Ltd., 1 Finsbury Avenue, London EC2M 2PA.	Bankers Trust Company, Dashwood House, 69 Old Broad Street, London EC2P 2EE.
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15th August, 1986.



INTERNATIONAL COMPANIES AND FINANCE

Wood Gundy launches three C\$100m deals

BY CLARE PEARSON

THE CANADIAN dollar Euro-bond market encountered an avalanche of new paper yesterday as Wood Gundy launched three deals each worth \$100m.

Dealers expressed fears that this onslaught would use up current European retail demand for Canadian dollar bonds, which has been strong recently given the firm currency and significant yield pickups over US dollar-denominated bonds.

Triple-A rated Federal Business Development Bank (FEDB) brought a three-year issue, while Farm Credit Corporation, its fellow Canadian Crown corporation, borrowed five-year funds on more aggressive terms.

day with a similarly structured offering for Postipankki, the Finnish bank.

Like Merrill Lynch's bond, the issue is in two 100m tranches, which become interchangeable in September 1987.

For the borrower, this structure significantly reduces the cost of swapping proceeds into floating-rate funds.

exercised into Kaufhof shares at a price of DM 485 each. The bond with warrants traded at 120 bid.

The Danish crown market, however, was launched with a Dkr 300m seven-year bond for Norwegian Christiania Bank.

The DM 150m bond has a coupon of 2 per cent and is priced at par. Warrants can be

exercised into Kaufhof shares at a price of DM 485 each. The bond with warrants traded at 120 bid.

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Ex-Cell-O rejects Textron offer

BY OUR FINANCIAL STAFF

THE BOARD of Ex-Cell-O, the US aerospace and electronics group, has unanimously rejected the offer from the Textron conglomerate to acquire the company for \$88 a share cash or \$88m.

But Mr Paul Casey, Ex-Cell-O's president, said that he planned to meet promptly with Mr Beverly Dolan, Textron president, to discuss Textron's interest in the company.

Sara Lee the big US foods group formerly known as Consolidated Foods, had a flat fourth quarter, with profits of \$61.6m or \$1.12 a share against \$60.2m or \$1.07.

UK opens electronic share link with US

BY ALEXANDER NICOLL IN LONDON

THE CLEARING organisations of the US Midwest and London Stock Exchanges yesterday unveiled an electronic link designed to increase the efficiency and reduce the cost of buying and selling shares across the Atlantic.

The arrangement will initially operate only in one direction, providing UK brokers with the same facilities for setting transactions in US securities that are available to US brokers domestically.

Mr Michael Baker, director for settlement services at the London exchange, said the new link was part of a plan to enable customers to use Talisman to clear any security which was traded in the European time zone.

Links between the London exchange's Talisman system and its overseas counterparts underline the internationalisation of securities markets and stock exchanges' attempts to streamline cross-border trading.

So far, only Capel-Cure Myers, the London stockbroker, is hooked up to the pilot programme.

Continuous medium-term notes offering from PepsiCo

BY ALEXANDER NICOLL

PEPSICO, the US soft drinks and food group, plans to be the first corporate borrower to launch a programme of continuously offered medium-term notes in the Euro-markets.

Medium-term notes are already popular in the US, where some \$300m of such securities are outstanding. They are offered in a similar manner to commercial paper, in that rates are constantly posted for issues of any maturity within a given range.

extension of the company's Euro-commercial paper issuance although it will be in PepsiCo's own name rather than that of a subsidiary.

As with Euro-commercial paper, the company will inform dealers each day of the rates at which it is prepared to issue for any maturity. Rates will be fixed and floating, initially only in dollars.

paper to the market could adversely affect pricing of new issues. Sbc acknowledged that there could be some trading of the one-to-five year notes which PepsiCo now plans.

As with Euro-commercial paper, the company will inform dealers each day of the rates at which it is prepared to issue for any maturity. Rates will be fixed and floating, initially only in dollars.

plans to start production in Denmark in 1987.

Enzyme sales volume increased by 7 per cent, but turnover was down by 10 per cent owing to lower prices in the US market as well as the exchange rate factor.

DBS plans purchase

DEVELOPMENT BANK of Singapore (DBS) plans to take full control of National Discount Company, the island's largest discount house, Renter reports from Singapore.

Novo suffers first-half setback

BY HILARY BARNES IN COPENHAGEN

NOVO, the Danish enzymes group, has been hit hard by the weakness of the dollar which has helped push earnings down from Dkr 688m to Dkr 390m (\$50.4m) before tax for the first half of 1985.

plans to start production in Denmark in 1987.

Leighton returns to black for second half

BY ROBERT KENNEDY IN SYDNEY

LEIGHTON Holdings, the Australian contractor, has lived up to its promise to return to the black in the second half. But it still turned in a \$A12.71m net loss for the full year to June, and is omitting the dividend. Last time it paid 12 cents.

Turnover was 34 per cent ahead of \$A1.14bn. The loss for the 12 months excludes extraordinary debits of \$A5.16m.

Tokyo may ease limit on loans by insurers

BY YOKO SHIBATA IN TOKYO

THE JAPANESE Ministry of Finance is considering a substantial easing of restrictions on overseas yen-denominated loans by life and non-life insurance companies, possibly by next week, in another step to promote capital outflow and help arrest the yen's depreciation.

TRADE FINANCE advertisement for Iktisat Bankasi, Turkey's Merchant Bank. Includes headline 'How Iktisat captured 10% of the Turkish market' and a photograph of a man in a suit.

Computer unit cuts 500 jobs

BY LOUISE KEHOE

CONVERGENT Technologies, the California microcomputer maker, has cut 500 jobs - more than 20 per cent of its workforce - because of a steep decline in orders from AT&T.

Securities firm to raise capital

BY ROBERT GIBBENS IN MONTREAL

DOMINION SECURITIES Pitfield, Canada's largest investment dealer, is planning a public equity issue to raise about C\$100m (\$72m) next month, bringing total capital to more than C\$250m. It would give the company twice the capital of its nearest competitor.

FT INTERNATIONAL BOND SERVICE

Listed are the 200 latest international bonds for which there is an adequate secondary market.

Table with columns for US DOLLAR STRAIGHTS, OTHER STRAIGHTS, CONVERTIBLE, and YEN STRAIGHTS. Includes bond names, amounts, and prices.



# INTL. COMPANIES and FINANCE

## David Brown on the Federal Republic's changing retailing patterns German stores switch sales tack

WEST GERMANY'S department stores have run down the shutters on their mid-year sales, ending a summer of unusually sharp price cuts as the stores bid to lure in the customers and empty out their laden shelves.

If 1986 was supposed to herald a dramatic recovery for the hard-pressed retailers, fuelled by lower inflation and interest rates coupled with a government tax-cut boost to consumer spending, the first half did not live up to expectations.

Yet the retailing sector—after quite a few uncomfortable years and still in a difficult process of adjustment to changing consumer tastes—is nonetheless hoping 1986 will bring the recovery it has been waiting for.

By the end of May, turnover overall in retail trade had climbed in real terms by some 3.8 per cent from the same point a year earlier, indicating the start, the Government says, of an upturn in consumer spending.

But even if the upturn in consumer demand reaches the expected 5 per cent for the whole of this year, its impact will be felt differently within the retail trade.

There have been important longer-term shifts in the pattern of demand in West Germany in the last two decades—with strong indications of market saturation in consumer goods, and a move towards services, leisure and higher-priced goods.

Consumer spending in retail stores overall is dropping as a percentage of both personal consumption and disposable income.

If any group of retailers has benefited from this development, it is the upmarket and specialist outlets, especially those like Hüssel which combine holdings in both specialty retail and discounting chains.

For example, between 1982 and 1985, apparel and sporting goods sales climbed by 52 per cent. But during the same period, the department stores registered a sharp decline in turnover real terms. In recent months, this trend has slowed and now reversed, but only slightly.

The biggest department store group, including Karstadt, Kaufhof and Horten, have been struggling to one way or another to adjust to this changing home market. Between 1981 and 1985 their share of the overall German retail market shrank from 10 per cent to 6 per cent.

Karstadt, in which Dresdner Bank and Commerzbank each have a 25 per cent shareholding, is the largest of the three. While it once found that "everything under one roof" was a profitable way of doing business, last year sales of some DM 12.01bn (\$5.8bn) produced earnings of only DM \$7.1m.

Looking at its slipping market share in the mid-1970s, Karstadt undertook a diversification which brought it into the



travel business, mail order, catering, and optometry. These now account for about 25 per cent of total sales.

But these moves had mixed success, possibly due to a poor choice of acquisitions, and Karstadt says the first steps in yet another three-year restructuring programme will cost a further DM 50m in extraordinary costs this year.

This time, the company hopes to get it right: adjusting to the changing habits and tastes of shoppers by, for example, launching merchandise into more individualistic shops dealing in photography, sports clothes and such.

The group's NUR travel subsidiary, which has been a problem since its acquisition in 1978, also faces further pruning following the German cartel office's decision late last year to reject its application to merge with IIS, a competitor owned by the Kautz group.

Still, sales in the first half climbed by 2 per cent to DM 4.2bn, and Mr Walter Deuss, the managing director, seems confident the group can turn in an "improved" result for the full year despite the extraordinary costs and a still-languishing mail order business.

Horten, now part of the BAT group of the UK, continues to produce losses, but has disposed of one important loss-making subsidiary and is in the process of selling another as part of a "final streamlining."

It, too, has attempted to create a specialty store image, by, for example, adding fashion boutiques and computer shops. Turnover in the first five months of this year climbed over 20 per cent to DM 1.3bn and "a good result" is forecast by the management for 1986-87 as a whole.

Rathmann also appears to have achieved some success in its attempt to counter lower consumer demand by boosting its services sector, and expanding its specialty subsidiaries such as McFash and Saturn.

Sales rose by 7.3 per cent in the first four months this year to DM 2.96bn, with department stores accounting for only 60 per cent of the total.

### NOTICE OF REDEMPTION PHILLIPS PETROLEUM INTERNATIONAL FINANCE N.V. U.S. \$200,000,000 14% Guaranteed Notes Due May 1, 1989

NOTICE IS HEREBY GIVEN that, pursuant to paragraph 5(a) of the Terms and Conditions of the Notes described above (the "Notes"), and paragraph 6 of the Fiscal and Paying Agency Agreement dated as of May 1, 1982, Phillips Petroleum International Finance N.V. has elected to and shall redeem on September 9, 1986 (the "Redemption Date") all outstanding Notes at a redemption price of 101% of the principal amount thereof (the "Redemption Price"), together with accrued interest to the Redemption Date.

The Notes shall become due and payable on the Redemption Date at the Redemption Price, plus accrued interest, which shall be paid upon presentation and surrender of Notes together with all appurtenant interest coupons maturing subsequent to the Redemption Date. Payment will be made in U.S. Dollars, subject to applicable laws and regulations, at the paying agents listed below which are the main offices of Morgan Guaranty Trust Company, the Fiscal and Paying Agent, in the Cities of New York, London, Brussels, Frankfurt and Paris; the main office of Swiss Bank Corporation in Basle and the main office of Kredietbank S.A. Luxembourg in Luxembourg.

Payments at the office of any paying agent outside of the United States will be made by check drawn on a United States dollar account, or by transfer to a dollar account maintained by the Note holders, with a bank in the City of New York. Any payment made by transfer to an account maintained by the payee with a bank in the United States may be subject to reporting in the United States Internal Revenue Service (IRS) and to backup withholding at a rate of twenty (20%) if payees not recognized as exempt recipients fail to provide the paying agent with an executed IRS Form W-8, certifying under penalties of perjury that the payee is not a United States person or an executed IRS Form W-9, certifying under penalties of perjury that the payee's taxpayer identification number (employer identification number or social security number, as appropriate). Those holders who are required to provide their correct taxpayer identification number on Internal Revenue Service Form W-9 and who fail to do so may also be subject to a penalty of fifty dollars (\$50).

Please, therefore, provide the appropriate certification when presenting your securities for payment.

The Notes will be redeemed will no longer be outstanding on and after the Redemption Date, interest on the Notes will cease to accrue from and after the Redemption Date, the coupons for such interest shall be void, and the sole right of a Note holder shall be to receive the Redemption Price plus interest accrued on such Note in the Redemption Date.

#### PAYING AGENTS

- |  |  |
|--|--|
| Morgan Guaranty Trust Company of New York<br>30 West Broadway<br>New York, New York 10015<br>U.S.A.                          | Morgan Guaranty Trust Company of New York<br>Morgan House, 1 Angel Court<br>London EC2R 7AE<br>England |
| Kredietbank S.A.<br>Luxembourg<br>43, Boulevard Royal<br>Boite Postale 1109<br>Luxembourg, Luxembourg                        | Swiss Bank Corporation<br>Aeschmattstrasse No. 1<br>Basle, CH 4002<br>Switzerland                      |
| Morgan Guaranty Trust Company of New York<br>Mainzer Landstrasse 46<br>6000 Frankfurt am Main<br>Federal Republic of Germany | Morgan Guaranty Trust Company of New York<br>14 Place Vendôme<br>Paris 75001<br>France                 |

PHILLIPS PETROLEUM INTERNATIONAL FINANCE N.V.  
By: Morgan Guaranty Trust Company of New York,  
Fiscal and Paying Agent

Dated: August 8, 1986

### NOTICE OF REDEMPTION WALT DISNEY PRODUCTIONS INTERNATIONAL FINANCE N.V. 12 1/2 per cent. Guaranteed Notes Due 1989

Notice is hereby given that, pursuant to the provisions of the Fiscal and Paying Agency Agreement dated as of September 15, 1982 among Walt Disney Productions International Finance N.V., Walt Disney Productions, as Guarantor, and Bank of America International S.A., Luxembourg, as Fiscal and Paying Agent, all of the above Guaranteed Notes, constituting US\$75,000,000 in principal amount, will be redeemed and prepaid on September 15, 1986 at 101 per cent of the principal amount thereof together with accrued interest thereon to said redemption date.

Interest on said Guaranteed Notes shall cease to accrue on the redemption date and on said date the redemption price will be due and payable on each of said Guaranteed Notes.

Payment of Guaranteed Notes will be made upon presentation and surrender thereof, together with all coupons, if any, appurtenant thereto maturing subsequent to the redemption date, at the office of Bank of America International S.A., 35, Boulevard Royal, Luxembourg, or at the option of the holder, at Bank of America International S.A., 25 Cannon Street, London EC4A 3DF, England, or Bank of America N.T. and S.A., 43-47 Avenue de la Grande Arme, 95118 Paris, France, or Bank of America N.T. and S.A., 34 Van Eyckel, B 2000 Antwerp 1, Belgium, or Swiss Bank Corporation, Gartenstrasse 9, CH-4002 Basle, Switzerland, or Bank of America N.T. and S.A., Meiner Landstrasse 46, 6000 Frankfurt/Main, Germany, or Bank of America N.T. and S.A., Bleicherweg 15, P.O. Box 5230, CH, Zurich, Switzerland.

#### NOTICE

Withholding of 20 per cent of gross redemption proceeds of any payment made within the United States is required under United States federal income tax law unless the United States paying agent has the correct tax payer identification number (social security number or employer identification number) or an exemption certificate of the payee.

Walt Disney Productions International Finance N.V.  
By Bank of America International S.A., Luxembourg,  
Fiscal and Paying Agent

Dated August 15, 1986

### Keppel cuts losses sharply in first half

By Our Financial Staff

KEPPEL, the Singapore state-controlled shipping company, has reported reduced net losses in the half-year to June as the benefits of a restructuring took hold, and expects "further improved results" for the second half. The company should be able to break even for the year.

The net deficit came down to S\$42.2m (US\$1.96m) from S\$27.02m, on reduced turnover of S\$257.82m compared with S\$200.85m. Dividend has not, however, yet been restored.

Keppel slid into loss in 1984, attributed largely to its acquisition of control at Straits Steamship—which yesterday reported a return to S\$4m net profits for its first half, against losses of S\$4.5m.

In contrast to Keppel turnover at the quoted subsidiary edged up to S\$91.34m from S\$90.56m.

Far East Livingston Shipbuilding, a third arm of the Keppel group, edged net earnings 2.5 per cent higher at S\$6.12m, on revenues halved to S\$33.17m from S\$67.09m.

In issuing the break-even forecast for the Keppel group, Mr Sim Kee Boon, the chairman, said financial costs had been reduced from S\$80m to S\$21m as a result of lower interest rates, reduced borrowings, and asset sales.

### Special items push Benguet back into black

By Our Financial Staff

BENGUET CORPORATION, a leading copper and gold producer in the Philippines, returned to the black for the first half to June, reporting net earnings of 72.7m pesos (\$3.57m) against year-earlier net losses restated at 38.3m pesos.

The sharp turnaround, however, largely reflected extraordinary items relating to partial deferred income taxes and deferred foreign exchange obligations. These brought a 25.7m peso gain for the latest six months, compared with a debit of 72.2m pesos in the previous year was responsible for the attributable loss.

Revenues increased from 1.61bn pesos to just on the 2bn peso mark.

For the second quarter alone—when revenues reached 1.04bn pesos against 888.1m pesos—net profits were 37.5m pesos, up from earnings of 4.5m pesos. The earnings included extraordinary gains of 1.6m pesos for the 1986 quarter against losses of 16.4m pesos.

The restatement of 1985 results is to allow for accounting changes.

### Jardine in control

MR SIMON KESWICK, chairman of Hong Kong's Jardine Matheson, has reiterated plans to retain its controlling 35 per cent interest in Hongkong Land as a strategic long-term investment. Reuter reports from Hong Kong.

Mr Keswick, who also heads Hongkong Land added that Jardine, which wants Land to spin off its Dairy Farm foods subsidiary, may also support a similar move for its Mandarin Oriental Hotel unit.

### Growth at Daewoo

DAEWOO Corporation, the trading and construction arm of South Korea's Daewoo group, boosted earnings 24.2 per cent in the first half of this year to 8.9bn won (\$11.17m) as sales increased 23 per cent to 1.991bn won. AP-DJ reports from Seoul.

These securities have been sold outside the United States of America and Japan. This announcement appears as a matter of record only.

NEW ISSUE

14th August, 1986

# TEC

## TEC ELECTRONICS CORPORATION

U.S. \$50,000,000

2 7/8 per cent. Guaranteed Bonds due 1991

with Warrants

to subscribe for shares of common stock of TEC Electronics Corporation

Payments of principal and interest on the Bonds being unconditionally and irrevocably guaranteed by

### The Tokai Bank, Limited

Issue Price 100 1/4 per cent.

Nomura International Limited Mitsui Finance International Limited

The Nikko Securities Co., (Europe) Ltd. Tokai International Limited

Banca della Svizzera Italiana Bankers Trust International Limited

Banque Paribas Capital Markets Limited Commerzbank Aktiengesellschaft

Crédit Lyonnais Daiwa Europe Limited

Mitsui Trust International Limited Sanyo International Limited

J. Henry Schroder Wagg & Co. Limited Wako International (Europe) Limited

Westpac Banking Corporation

This announcement appears as a matter of record only.

## The Alexander Proudfoot Worldwide Family of Companies

is pleased to announce that it has consolidated the ownership of its affiliated companies into

### Alexander Proudfoot Company Worldwide Holdings, L.P.

The undersigned acted as advisors to  
The Alexander Proudfoot Worldwide Family of Companies in this restructuring:

CAHILL GORDON & REINDEL  
BAKER & MCKENZIE  
HOULIHAN, LOKEY, HOWARD & ZUKIN, INC.  
KMG MAIN HURDMAN

The Australian Industry Development Corporation  
(A statutory corporation, wholly owned and guaranteed by the Commonwealth of Australia)

U.S. \$100,000,000

1 1/4 PER CENT. NOTES DUE 1990

NOTICE IS HEREBY GIVEN that, pursuant to Condition 6(b) of the Notes, Citibank, N.A., as Fiscal Agent, has selected by lot for redemption on September 2, 1986 US\$1,000,000 principal amount of said Notes at the redemption price of 101% of the principal amount thereof, together with accrued interest from February 28, 1986 to September 2, 1986 (184 days). The value of each Note is US\$5,000 plus interest of US\$303.47 total US\$5,303.47. Outstanding Bonds bearing serial numbers ending in any of the following two digits have been selected by lot for redemption: 01 05 08 28 33 43 45 50 57 69 71 89 95 96.

Payment will be made upon surrender of Notes together with all coupons maturing after the date fixed for redemption, at the offices of the Paying Agents as shown on the Notes. On and after September 2, 1986 interest on the Notes will cease to accrue and unmaturing coupons will become void.

Outstanding after September 2, 1986 US\$17,000,000.

August 15, 1986  
By Citibank, N.A. (CSST Dept.)  
London Fiscal Agent

CITIBANK

GRANVILLE		Granville & Co. Limited 5 Lovell Lane London EC2R 8AP		Telephone 01-621 1212 Member of FIMBRA			
High	Low	Company	Price	Change	Gross Yield (%)	P/E	Fully Actual
146	118	Ass. Brit. Ind. Ord.	131	—	7.3	5.6	8.0
151	121	Ass. Brit. Ind. CULS	131	—	10.0	7.8	—
125	43	Altrango Group	106	—	7.2	7.0	8.6
46	28	Armstrong and Rhodes	35	—	4.3	12.3	4.3
186	108	Bardon Hill	184	—	4.6	2.5	20.8
80	80	Bry Technology	80	—	4.3	8.4	8.7
201	75	CCL Ordinary	82	—	2.9	3.5	6.8
182	86	CCL 11pc Conv.	86	—	15.7	18.8	—
257	85	Carborundum Ord.	258	-2	8.1	3.8	11.4
94	83	Carborundum 7.5pc PI	92	—	10.7	11.7	—
72	46	Daborn Services	72	—	7.0	9.7	7.8
32	20	Fredrick Parker Group	22	-04	—	—	—
125	50	George Alier	120	—	3.8	3.2	3.1
70	20	Ind. Precision Castings	70	—	3.0	4.3	18.5
218	158	Isat Group	168	—	15.0	8.0	12.8
120	101	Jackson Group	118	—	5.1	6.1	8.1
367	238	James Burrough	368	—	17.0	4.7	10.8
100	85	James Burrough Spcl.	85	—	12.8	13.8	—
98	56	John Howard Group	57	—	6.0	8.8	—
1035	342	Multihouse NV	360	-20	—	—	60.3
380	280	Record Ridgeway Ord.	374	—	—	—	8.7
100	89	Record Ridgeway 10cPI	89	—	14.1	15.8	—
82	32	Robert Junken	70	—	—	—	3.1
37	28	Scruttons "A"	37	—	—	—	8.5
101	68	Torday and Cartlan	101	—	5.7	5.7	8.1
70	320	Trevian Holdings	320	—	7.8	2.5	8.7
70	25	Unitech Holdings	68	—	2.8	4.1	12.6
227	81	Walter Alexander	202	+2	8.1	3.9	11.4
226	180	W. S. Yates	183	—	17.4	9.0	19.3



UK COMPANY NEWS

US recovery lifts Royal to £87m

Royal Insurance, Britain's largest composite insurer, staged a £105.2m turnaround to profits of £87m pre-tax in the first half of 1986 mainly reflecting a continued recovery in North America.

Group underwriting losses were halved from £218.7m to £109.5m, largely due to a 57.7m reduction to £50m in the US.

However there was unfavourable market reaction to the result, which was accompanied by a 14 per cent lift to 10.5p in the interim dividend, with the shares initially losing 15p before closing at 62.5p, down 7p. Analysts had been looking for profits around the £94m mark.

First half earnings per share were 30p against losses of 6.3p. The second quarter produced a £58m profit, virtually double

the £28.4m attained in the first three months.

Royal's US operations earned \$33m pre-tax in the first half, against a loss of \$43.7m, while Canada turned round from losses of \$9.3m to profits of \$8.8m.

All operating companies achieved better insurance results to produce a worldwide general insurance profit of £24.8m, compared with a loss of £81.4m, after including allocated investment income.

Mr Alan Horsford, group chief executive, yesterday countered fears of an imminent end to the US recovery. The Jeremiahs are already talking about the next downturn, he said, but in addition to continuing strong premium increases "there are other important influences which should help maintain a better market discipline than in the cycle we have just come through."

In particular, he said that the much lower level of interest rates and forthcoming tax changes would call for bigger profits to be earned "if bottom line revenues are to be maintained."

In the UK first half taxable profits almost doubled from £12.8m to £23.8m. Despite £40m of weather losses, up from £37m last year, the position, said Mr Horsford, was not unsatisfactory except in the motor account where both frequency and average claims costs were worse than expected.

"Good progress continued to be made in Canada and the prognosis there is becoming more favourable. For the 14 per cent of our direct non-life business in the rest of the world

Further changes planned for Peek Hldgs

By Charles Batchelor

FOR THE second time in 18 months Peek Holdings, a small, loss-making grain and animal foods group, has become the focus for a South African businessman's ambitions to develop a UK business empire.

Mr Kenneth Mand, a 42-year-old South African entrepreneur yesterday announced plans to acquire control of Peek, which in effect is a "shell," by means of a capital reconstruction of the company.

Mr Mand recently resigned as deputy chief executive of Allied Technologies, South Africa's largest electronics and electrical equipment group, sold his shareholding in the company and moved to Britain.

Mr Mand said: "I want to develop Peek as an industrial holding company supplying middle-tech products in fields such as pneumatics, hydraulics and electronics. Initially we would go for distribution rather than manufacture."

Peek's previous encounter with a South African businessman was in early 1985 when Mr Hugo Ebermann and his British partner, Mr Julian Askin, used Peek to launch a reverse takeover bid for Energy Services & Electronics, an electronic rental and maintenance group.

The two men planned to inject £6m into Peek and become joint chief executives if the bid succeeded. It failed, however, by the narrowest of margins in May after a spirited defence by ESE.

Mr Mand said Mr Ebermann and Mr Askin had drawn his attention to Peek and introduced him to its bankers, Hambros.

The capital reconstruction would take the form of the subscription of 50m shares at 3p each by Javelin, a specially created company controlled by Mr Mand's family trusts, to raise £1.5m, net of expenses.

After the completion of the subscription Javelin would own 30m Peek shares of 50.8 per cent, with the remaining 20m shares being placed with institutions and other investors.

The existing ordinary share capital of Peek would be subdivided with each 7p share becoming one new ordinary 3p share and one deferred 4p share. The deferred shares would have no right to income and would not be listed so shareholders would be asked to approve a capital reduction to cancel them.

Peek's directors are backing this proposal with their 4.2 per cent holding while other shareholders owning 36.2 per cent have indicated they will vote in favour at a special meeting called for September 12.

Peek earlier reported a pre-tax loss of £596,577 in 1985, compared with a previous profit of £7,000. It had net current liabilities of £722.3 at the last year end. Its shares were suspended yesterday at 15p to value the company at £17.2m.

BBA doubles profits and makes £69m rights issue

BY PHILIP COGGAN

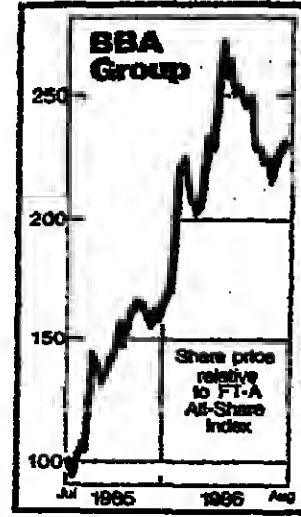
BBA Group, the fast-growing friction materials and conveyor belt company, yesterday announced a £68.7m rights issue showing a 107 per cent increase in the pre-tax profits.

However, the 1986 figures include a three-and-a-half month contribution from recent acquisition Automotive Products, as well as first time results from other acquisitions.

Proceeds from the rights issue will be used to repay BBA's borrowings, which after the AP acquisition reached £113.2m, a gearing level of 82 per cent. That level should fall below 30 per cent after the rights.

The one-for-four issue is priced at 150p per share, a 17.4 per cent discount to Wednesday's closing price. Yesterday, the shares closed down 17p at 213p.

Pre-tax profits for the six months to June 30 were £12.4m, compared with £6.0m in the first half of 1985. There were exceptional costs of £1.5m, relating to rationalisation measures, in particular at Minnetonka. With the help of a cut in the tax charge from 47.2



per cent to 38.1 per cent, earnings per share rose by 52.9 per cent from 4.01p to 6.13p.

Turnover for the first half was £230.2m compared with £104.3m in the same period last year, and was split between £112.6m from overseas companies and £117.6m from the UK.

Automotive and engineering activities now account for 84.7 per cent of total sales with conveyor belting and industrial textiles making up the balance.

The chairman, Dr John White, reported good results from the West German subsidiary, Textar, and from the US belting interests, following the acquisition of Uniroval's rubber belting business in last October. However, in the UK demand for automotive replacement parts was particularly weak and this resulted in lower UK profits than expected.

Profits from AP were slightly up over the corresponding period last year and Dr White said he was "extremely pleased" with the acquisition. However, he added that "the benefits from the acquisition in Australia and the rationalisation benefits deriving from the acquisition are expected to appear later this year with the full effects appearing in 1987."

The interim dividend of 10p... an increase of 18 per cent, will be paid on November 13, two months earlier than normal. From now on the final dividend will be paid in May rather than July.

Beazer moves into Yorkshire for £13m

BY JOAN GRAY, CONSTRUCTION CORRESPONDENT

BRITAIN'S fastest-expanding building company, C. H. Beazer of Bath, has bought part of food distributor Christian Salvesen's house-building operations, the Doncaster-based Whelmar (Yorkshire) for £12.6m.

Yorkshire is the first of five regional housebuilding operations within Salvesen's properties division to be sold following its decision to withdraw from housebuilding.

Salvesen announced last month that it wanted to sell its entire housebuilding operation for about £50m to concentrate on its warehousing and cold storage activities.

Christian Salvesen had been disappointed with the "below average" performance of its building division. The five regional operations together made a pre-tax profit last year of just less than £5m on turnover of about £80m and in the year ended March 31 Yorkshire made an operating profit of approximately £1.9m from a turnover of £14.8m.

The consideration will be payable in cash to be raised by a vendor placing of £5.91m new Beazer ordinary shares of 10p each which will be applied

initially to reduce Salvesen's borrowings. Net value of Yorkshire assets at March 31 was around £10m.

Beazer decided to buy only the Yorkshire division as this fills a gap in its own operations. The company is planning to expand its new acquisition's output from its present level of 350 houses a year by taking advantage of its "substantial" land bank, said Beazer's investment director Mr Matthew Thorne.

"We also hope to increase profitability through increasing volume and to reduce costs by dovetailing with our existing housebuilding activities," he added.

Beazer is already near the top of the league of Britain's biggest housebuilders. It had an output of 5,000 houses in 1985-86 and plans to increase this to 6,000 in 1986-87.

One problem for Salvesen's house-building division was that it did not have a presence in the highly profitable south east of England, where Beazer is already heavily represented.

Chairman Mr Brian Beazer's next major acquisition, will, he hopes, be a building materials company.

Expanding Hambro Countrywide tops £6m

THE BOOMING residential value of £200m. Turnover was property market has helped £25.1m, a 49 per cent increase Hambro Countrywide, the estate agent 60 per cent owned by Hambros Bank, to announce pre-tax profits for the six months to end June of £5.17m—up 83 per cent over the same period of 1985.

Also announced were full year figures for Mann and Co, showing pre-tax profits of £4.32m.

Hambro Countrywide was formed by the merger of Balstow Eves and Mann and Co in June.

The full group completed sales on over 23,400 homes, compared with under 16,000 in the first half of 1985 and mortgages were arranged to the

each. Also announced was the acquisition of Ball and Percival, with six offices in Lancashire, for £1m, phased over three years. Hambro Countrywide now has 389 offices.

The financial year for Mann & Co has been changed and the next report for the group will be for the full year to December 31, 1986.

comment

It would be astonishing if an estate agency chain did not show surging profits at a time of a residential property boom. What adds spice to the prospects for Hambro Countrywide are the opportunities for selling financial services down a client list with good credit ratings.

Around 20 per cent of clients now buy some sort of financial product along with their home; the group target is 30 per cent penetration. If that can be achieved, and the new acquisitions kick in their expected growth, then the group's profit should grow, whether or not the property boom continues. With close on 400 branches, Hambro Countrywide has no need to pay the kind of fancy prices commanded by most estate agents these days and can afford to open branches of its own at a much lower cost. For the full year, profits of £13.5m would put the shares at 299p on a p/e of 17, which fairly reflects the growth prospects.

Management buy-out for Phicom's data division

BY CHARLES BATCHELOR

Phicom, the loss-making electronics group, plans to sell the second of its three divisions in a move which would reduce the company to less than a third of its present size in terms of sales. It last month announced talks were under way to dispose of one of its business areas.

Phicom yesterday said that it had reached agreement on a management buy-out worth a total of £7m for its data communications division. Talks are continuing meanwhile with BICC, the cables and construction group, for the sale of its electronic enclosures division, which makes cases, racks and consoles for electronic equipment.

These two sales would leave Phicom with its life sciences division, which makes equipment for preparing and analysing medical samples. This division contributed £950,000 of operating profit and £13m worth of sales to the group totals of £2.8m and £45.5m in 1985. In the first half of the current year however Phicom moved into a loss.

Phicom's shares were unchanged at 25p yesterday.

As a result of these planned disposals Magnum Corporation Berhad, the Malaysian group which owns 61 per cent of Phicom's shares, has dropped previous plans which could have led to it selling its holding. It has now decided in principle not to pull out.

Mr Denis Sewell, finance director, said Phicom began valuing its businesses when the possible Magnum share sale was considered. This led to the management of Trend Communications, its data communications division, offering to buy their company.

Providing shareholders agree Phicom will sell Trend to Surdiddi, a newly-formed company controlled by several Trend directors, for £5.5m cash, including loan repayments, while Surdiddi will take on Trend's £1.2m bank overdraft.

The sale price is £480,000 higher than Trend's book value. Trend made a pre-tax profit of £1.5m on sales of £19m last year.

Gnome Photo profits fall to £384,000

1986 Gnome Photographic Products only maintained its turnover, at £1.98m, and operating profit fell from £257,000 to £384,000.

But other income of £180,000 (£157,000) offset that somewhat and gave a pre-tax profit of £384,000 (£414,000).

Other income comprised interest and dividends received £108,000 (£100,000) and profit on sale of quoted investments £72,000 (£57,000).

After tax £140,000 (£183,000) the attribution profit came to £244,000 (£251,000) for earnings of 9.7p (£9.99p). The dividend is held at 6.5p net per share.

Foreign & Colonial Investment Trust earned higher attributable revenue of £5.9m, against £4.5m, over the first six months of 1986.

Earnings per share were 1.05p (0.82p). The interim dividend is 0.53p (0.45p), and the board said it intended to pay a final dividend of at least 1.05p (0.99p).

Net assets value per 25p share at the end of the interim period stood at 122.3p compared with 84p a year previous.

Appleyard first half rise

Motor dealing and finance concern Appleyard Group pushed up its pre-tax profit from £558,000 in £1.5m in the half ended June 30 1986, and is looking for a "most encouraging" full year result.

August car deliveries are again at a high level.

Despite continued highly competitive trading conditions, the motor company again improved its performance in the number of units sold and in margins. The jointly owned finance company expanded its contract hire and leasing fleet.

Mr Michael Williamson, joint company managing director left at 1.15pm in the last year year

rose 15 per cent to £91m while operating profit expanded 32 per cent to £15.6m. But financing the higher turnover led to an increase in interest to £629,000 (£581,000).

After tax £100,000 (£177,000) earnings came out at 13p (8.4p) per share. The interim dividend is raised to 1.75p (1.5p).

On development of the firm said in Leeds the newly segregated and enlarged premises for Jaguar, Daimler, Rolls-Royce, Bentley and Range Rover, opened in May.

A new executive, Mr Michael Williamson, joins the company next week. The previous managing director left at 1.15pm in the last year year

Ingram Harold Ingram, maker of knit garments, yesterday reported slightly lower pre-tax profits of £323,774, against £327,131, for the year to end April 1986.

Both turnover and operating profits increased—to £5.26m (£4.43m) and £363,577 (£318,152) respectively, but there was a £48,000 swing to net interest payable of £49,053.

Despite the absence of cover after extraordinary charges of £294,094, the dividend total is being increased to 3p (2.5p) through a final of 1.75p (1.5p). Earnings pre-extraordinaries were 5.7p (7.7p) per share.

Redland

"Earnings doubled over five years"

Sir Colin Corness, chairman, reports:

- "An average annual growth in earnings per share of 19% over five years has doubled corporate income whilst maintaining a consistently high return on capital employed"
- "Redland's international spread is rightly perceived by investors to be one of its foremost attractions"
- "With a market capitalisation of around £1 billion and low gearing of 25%, we are able to contemplate capital investments and acquisitions in a number of countries"

Five Year Record

	1981/2	1982/3	1983/4	1984/5	1985/6
	£m	£m	£m	£m	£m
Sales	926.7	1,007.5	1,184.2	1,247.3	1,291.6
Profit before tax	59.7	64.2	93.8	108.2	112.8
Earnings per share (pence)	15.8	17.4	24.6	28.0	31.8
Return on Capital (%)	22.1	20.4	23.9	25.9	24.5

Please use this coupon to obtain a copy of the 1986 Annual Report To: The Secretary Redland PLC, Redland House, Reigate, Surrey, England RE2 0SJ

NAME \_\_\_\_\_

ADDRESS \_\_\_\_\_

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**Redland**  
CONSTRUCTION MATERIALS AND SERVICES IN OVER 30 COUNTRIES

Viewplan talks off: shares down by 21p

By Alice Rawsthorn

Shares in Viewplan, the USM-quoted broadcast equipment hire company, fell by 21p to 53p yesterday on the announcement that its takeover talks had been terminated.

In early August, little more than a week after unveiling a sharp fall in pre-tax profits, Viewplan announced that it had begun talks with an unnamed company—which was thought to come from the same sector—with a view to being taken over in an agreed bid.

The discussions ended yesterday, by mutual agreement, because, according to Viewplan's chairman, Mr Stephen Lakin: "It was felt that this was not a good time for us to be taken over."

Mr Lakin stressed that Viewplan had staged a recovery since the end of its last financial year. "Our problems in the second half of last year were caused by extraordinary circumstances,"

Manchester Ship

The takeover battle for Manchester Ship Canal flared up again yesterday when Gresham House, the investment trust which, with associates, holds 34 per cent of MSC's ordinary shares, said it would not be accepting the "derisory" £37m bid from Elghams, the industrial textiles group.

Elghams has declared its bid unconditional since it holds over 50 per cent of the equity, but it only holds about 30 per cent of the votes. It too intends to split its holding to increase its voting power.

LADBROKE INDEX  
1.273-1.278 (+6)  
Based on FT Index  
Tel: 01-427 4411

NOTICE OF EARLY REDEMPTION

**BTR plc**

(Incorporated with limited liability in England under the Companies Acts 1982-93)

U.S.\$150,000,000  
5 per cent, Convertible Subordinated Bonds due 1995  
(the "Dollar Bonds")

Notice is hereby given in accordance with Condition 5(B) of the Dollar Bonds that BTR plc (the "Company") wishes to redeem all of the Dollar Bonds on 30th September, 1986 (the "Redemption Date") at a price of 104 per cent of their principal amount (the "Redemption Amount").

The average of the middle market quotations of an Ordinary Share of 25p in BTR plc as shown by the Daily Official List of The Stock Exchange in London for the dealing days within the 30 day period ended 5th August 1986 was 303p. The average Conversion Price in effect or deemed to be in effect on each such dealing day was 223p.

In accordance with Condition 4(A) of the Dollar Bonds the right of conversion of any Dollar Bond into Ordinary Shares of 25p each in BTR plc shall terminate at the end of the eighth day prior to the Redemption Date, such eighth day falling on 22nd September, 1986.

Payment of the Redemption Amount, together with the interest accrued on the Dollar Bonds and the Redemption Date, will be made on or after the Redemption Date against the Dollar Bonds and the face value of any missing unrematured Coupon will be deducted from the sum due for payment. Any amount so deducted shall be paid against surrender of the missing unrematured Coupon within 12 years of the Redemption Date. Dollar Bonds will become void unless presented for payment within twelve years from the Relevant Date (as defined in Condition 7 of the Dollar Bonds).

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Canada

By: Swiss Bank Corporation, Basle  
For and on behalf of: BTR plc

15th August, 1986



UK COMPANY NEWS

# Plessey profits climb to £43m in first quarter

BY DAVID THOMAS

SIR JOHN CLARK, Plessey's chairman, yesterday revealed a number of initiatives the company is considering, as he disclosed a 10.5 per cent rise in first quarter pre-tax profits to £43.5m.

The results were in line with City expectations. The company's shares fell 6p to 194p.

Sir John said the following initiatives were under consideration:

- Acquiring a communications systems and private exchange company in the US.
- Restructuring the board to ensure that the interests of shareholders and management along the lines of changes announced recently by Beecham and Guinness. The establishment of an audit committee would be the first step in that direction.
- Approaching Sir George Jefferson, chairman of British Telecom, to urge him to use BT's position as main customer of the System X public digital exchange to find a solution to the need to rationalise the System X capacity of Plessey and GEC.

Operating profit for the first quarter was 8.4 per cent higher at £39.8m. Turnover at £336.5m was virtually unchanged.

Investment income less interest amounted to £4.7m compared with £1.9m a year ago.

After allowing for £15.6m (£16.8m) in tax, the net profit on ordinary activities was £27.7m, 28.7 per cent up on last year. Earnings per share increased from 3.05p to 3.73p.

The order book was £1.95bn at the end of June—an increase of £33.4m during the quarter. The company said particularly significant order increases were achieved in payphones, private switching, radar, and defence systems.

Net cash and liquid resources increased to £201.6m at the end of June compared with £192.4m at March.

Sir John welcomed the results as evidence supporting the conclusion reached by the Monopolies and Mergers Commission when turning down GEC's bid for the company that Plessey was strong enough to compete effectively on its own.

Plessey now employs 32,536 workers, 3,100 down on a year ago.

Sir John pointed to a strong performance from telecommunications, where quarterly profits increased to £18.7m (£13.5m last year) on turnover of £164.6m (£153.5m).

Plessey's US telecommunications subsidiary, Stromberg-Carlson is now trading profit-

# GrandMet profits ahead in the US

EXTERNAL SALES of Grand Metropolitan, the brewing, hotels and leisure group, fell from \$4.13bn to \$3.9bn over the nine months ended June 30 1986, a reduction of 5.6 per cent.

However, after adjusting to eliminate the effects of exchange movements, on translation of the external sales of overseas companies into sterling, and excluding the effects of acquisitions and disposals, there was an increase in group external sales of 2.8 per cent.

Third quarter net sales of GrandMet USA increased from \$426.2m to \$437.1m (£317.5m) and at the operating level profits rose from \$1.1m to \$27.8m (£18.66m).

This lifted net sales for the nine months to June 30 to \$1.37m (£1.27bn) and operating profits for the period rose to \$52.4m to \$66.1m (£43.7m), before charging corporate expenses of \$16.7m (£7.4m).

The improved figures included the results of Pearle Health Services since its acquisition in September 1985. Operating income benefited from an increased contribution from cigarettes, even though sales of these products were lower than a year ago.

# Wingate shares soar by 160p on deal struck with Chase

BY TERRY POVEY

AGGRESSIVE New Zealand property developer Chase Corporation has reached an agreement with Wingate Property Investments that, subject to shareholders' approval, will see control over the USM company pass to Chase.

Wingate, which came to the USM in September 1982 through an 84p-a-share placing, said yesterday that the Chase scheme would inject £47m into the UK company over the next five years.

Yesterday Wingate's shares surged to 290p, up 160p on the day, following a resumption of trading.

The New Zealanders' move follows the calling off of a proposed merger between Trafalgar Park Estates and Wingate. A last-minute dispute about board control led to the abandonment of a plan whereby Wingate's younger management would have played the key role in an expanded operation in which Trafalgar would constitute about 56 per cent.

Wingate's board has agreed for Chase to purchase 14.5m new Wingate shares at 150p each. Chase is also intending to make an offer of 150p for each of Wingate's existing 14.47m shares.

Subject to shareholders' approval—for the share issue—and a minimum of holders of 3.8m shares accepting the offer, Chase will further subscribe a total of £25.38m through convertible loan notes over the next five years.

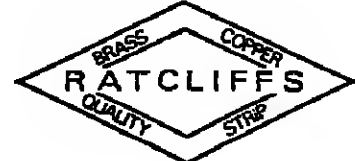
Two of Wingate's institutional shareholders have already agreed to accept the offer in respect of enough share so as it will be unconditional. The loan notes will be exchangeable for Wingate shares at 175p each from June 1987 onwards.

Mr Christopher Foster, on behalf of Chase, said that the takeover was "a friendly one" which has been negotiated over the last three months. Chase established an office in London in November and is looking to build up a three- or four-legged operation in the UK—of which Wingate will be the property arm.

Chase, which also holds a 15 per cent stake in British Empire Securities Trust, is the third largest company in New Zealand with a market capitalisation of \$575m. Total assets as of March 31 were NZ\$358m having grown very rapidly from NZ\$37m three years before.

Wingate owns and develops commercial and industrial property in southern England.

RATCLIFFS  
(Great Bridge) PLC.



## Interim Report to shareholders 1986

The unaudited group earnings for the six months to June 30th were as follows:-

	Half year to 30.6.1986	Half year to 30.6.1985	Full year 1985
Group Sales	18,091,000	22,276,800	44,883,000
Earnings—Gross			
Parent Company	(573,900)	192,000	(808,000)
Subsidiary	373,000	506,000	944,000
Estimated Taxation	(200,900)	695,000	136,000
	171,200	262,000	479,000
(Loss) Earnings—Nett	(372,100)	436,000	(343,000)
Earnings per Share	(8.41p)	8.86p	(8.26p)
After Rationalisation Costs	(17.32p)		

### PARENT COMPANY

Loss is before providing for rationalisation costs of £417,200 incurred in the release of 170 employees between January 1st and July 31st, 1986.

### CHAIRMAN'S COMMENTS

**GREAT BRIDGE**  
As a result of further collapse of export markets (sterling exchange rate etc.) we have had to operate continuous short weeks throughout the half year. Following the release of 170 employees we have been able to regain 5 day working from July 1st and are now starting to rebuild from the lower operating base established, the benefits of which are expected to materialise in 1987.

### CANADA

Half year earnings have been pulled down by £100,000 on conversion into sterling by exchange rate movements. Conditions softened somewhat from June 1st but earnings prospects for the year remain satisfactory.

### DIVIDEND

The board considers that it is prudent to reduce the interim dividend to 0.50p (10p) during the period of rationalisation for Great Bridge. Dividend payable on November 1st to shareholders on the register at 5th September, 1986.

August 14th 1986,  
Ratcliffs (Great Bridge) PLC

F. R. Ratcliff,  
Chairman.

# BET steps up attack on HAT management record

BY LIONEL BARBER

BET, the diversified industrial services group which has launched a £92m hostile bid for the HAT Group, yesterday stepped up its attack on HAT's management record.

BET said HAT's patents, scaffolding and cleaning business had promised "jam tomorrow" for three years and had yet to deliver. It also criticised HAT for failing to make a profit forecast for the current year.

The attack came in a circular to HAT shareholders responding to a HAT defence document this week which spoke of a new group strategy.

BET said £1,000 invested in HAT at the start of 1983 would have fallen in value to £783 prior to its offer. It also attacked HAT for "wild accusations" about BET's gearing. BET said gearing amounted to 65 per cent last March, on a conservative basis.

# F. Sumner recovery continues

Francis Sumner (Holdings) reported continued improvement in the six months to the end of June 1986 with pre-tax profits of £44,000, against £12,000 last time. Turnover of this textile company rose by £188,000 to £322,000.

The tax charge was £4,000 (nil) to give earnings per 5p share up from 0.05p to 0.16p.

The company also announced acquisitions in respect of 98 per cent of the shares of Astra Holdings, the Kent-based pyrotechnics group. The offer has been declared unconditional and will remain open.

The company is to change its name to Astra Holdings. Mr G. R. James, Mr C. W. Gumbley and Mr J. R. C. Miller of Astra are joining the board. Mr James is chairman and Mr Gumbley as group chief executive. Mr Max Maimann and Mr Colin Astia have stepped down as chairman and managing director respectively and resigned from the board.

# Clive Discount in profit

Clive Discount Holdings, which became a subsidiary of the Bache Group, itself an offshoot of the Prudential Insurance Company of the US, recorded a profit of £260,803 for the year to March 31, 1986, compared with previous losses of £810,099.

The figures were after providing for rebate, tax and in 1985 a transfer from contingencies reserve. There will be no final dividend, leaving the 1985-86 total at 0.5p (2.5p).

The offer by Baring Brothers, on behalf of Bache, was declared unconditional in April and as at August 13 valid acceptances in excess of 97 per cent had been received.

# Hawley/Brengreen

Hawley Group has acquired a further 1m in shares in Brengreen (Holdings) and now holds 16.71m equal to 25.7 per cent.

# Further loss for Ratcliffs

Ratcliffs (Great Bridge), the West Midlands brass and copper strip manufacturer, ran up further losses at the six months' stage and is halving its net interim dividend to 0.5p.

The company incurred a trading loss of £201,000 but in addition, it had to provide £417,200 for the release of 170 employees between January and July 1986.

As a result of a further collapse of export markets Ratcliffs had to operate continuous short weeks throughout the half year.

However, following the redundancies the company had returned to five-day working and was starting to rebuild from the lower operating base, the benefits of which were expected to materialise in 1987.

Turnover for the first half of 1986 declined from £22,280m to £18,091m. The loss compared with previous profits of £998,000 and losses of £562,000 in the second half of 1985. For 1984 profits accelerated to £2,04m.

## DIVIDENDS ANNOUNCED

Company	£s	nil	5	nil
Abbey	1.75	Oct 13	1.5	5
Appleyard Group	1	Nov 13	0.84	2
BBA Group	3.45	—	2.8	4.8
John Beales	0.5	Sept 22	0.5	1.5
Bullers	nil	—	1.1	0.5
Clive Discount	1.6	Oct 17	1.6	4
Corah	0.53	—	0.48	1.47
Foreign & Colonial Int	6.5	—	6.5	6.5
Gnome Photo	2.1	Oct 1	2.1	4.9
Good Relations	3	—	—	4.6
Hambro Countrywide	1.75	—	1.5	3
Harold Ingram	9	—	8.5	15
Louis Newmark	1.95	—	1.7	3.65
McKay Securities	11.5	Oct 10	1.2	5.2
Miss World	0.5	Nov 1	—	2.5
Ratcliffs (Gr Bridge) Int	10.5	Jan 2	9.2	25.75
Royal Insurance	3.25	Sept 11	3	4.6
Victor Prods	—	—	—	—

Dividends shown in pence per share except where otherwise stated. \* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ USM stock. § Unquoted stock. † Irish pence throughout.

# Royal Insurance Estimated Half Year Results for 1986 and Interim Dividend

	5 months to 30 June 1986 (unaudited) £m	6 months to 30 June 1985 (unaudited) £m	Year 1985 (audited) £m
General Insurance: Premiums Written	1,511.5	1,396.6	2,779.5
Underwriting Balance	-109.5	-218.7	-347.1
Investment Income allocated to General Insurance Operations	134.3	137.3	266.7
General Insurance Result	24.8	-81.4	-80.4
Long-term Insurance Profit	13.9	12.0	25.3
Investment Income attributable to Capital	42.3	47.7	87.8
Share of Associated Companies' Profits	6.4	3.9	8.7
Profit before Taxation	87.4	-17.8	41.4
Taxation	15.8	(credit) 2.8	12.3
Minority Interests	0.8	(credit) 0.1	0.2
Net Profit	70.8	-14.9	28.9
Earnings per share	30.8p	(loss) 6.3p	12.2p
Capital and Reserves	£2,179m	£1,783m	£1,905m

- \* There was a pre-tax profit of £87.4m compared with a pre-tax loss of £17.8m in the same period last year thus producing a £105.2m improvement. The second quarter pre-tax profit was £58.0m.
- \* The recovery was most marked in the United States with a pre-tax improvement of £76.7m, Canada £18.1m and the U.K. £11.1m.
- \* All operating companies achieved better insurance results to produce a worldwide general insurance profit of £24.8m.
- \* The contribution to total earnings from Royal Life Holdings rose from £12.6m to £14.8m.
- \* The interim dividend was increased by 14.1% from 9.20p to 10.50p per share.

# THE SOUTH AFRICAN ECONOMY. A BREAKDOWN.

The South African economy is in steep decline. This new booklet explains why and sets out the options left open to those who own, or deal in South African shares.

If you would like a free copy telephone 01 636 4030 ext. 269 or write to T.U.C., Congress House, Great Russell St., London WC1B 3LS.



## Preliminary Results - Year ending 30th April 1986

	IR £000
Turnover	66,934
Pre-Tax Profit	7,294
After Tax Profit	3,721
Retained Earnings	2,004
Earnings per Share	15.85p

- Record Profits 22% above Forecast and 144% above last year.
- Record Dividends of IR 5.0p per share absorbing IR £1,174,000.
- Budget for improved performance in current year and continuing growth in Group.

## Personal

**R.S.V.P. Remember Stroke Victims Please**

**National Stroke Campaign**

OF THE CHEST HEART AND STROKE ASSOCIATION

Devonport House North, Devonport Square, London W1R 6JZ. Telephone: 01-587 3012

## Company Notices

**WORLD WIDE GROWTH FUND**  
102, Boulevard Royal, Luxembourg

**DIVIDEND NOTICE**  
Pursuant to a resolution of the Board of Directors of World Wide Growth Management Company S.A., a dividend of U.S.\$0.15 per share will be paid on the 22nd August, 1986, on all shares in issue and outstanding at 12.00 August, 1986.

Coupons No. 7 of bearer Share Certificates have to be presented to the Paying Agent, Banque Paribas (Luxembourg) S.A., 194, Boulevard Royal, Luxembourg.

Dividend cheques will be sent to registered shareholders.

11th August, 1986.  
WORLD WIDE GROWTH MANAGEMENT COMPANY S.A.

## NOTICE OF REDEMPTION

### NOTICE OF REDEMPTION OF 14% NOTES (THE "NOTES") DUE SEPTEMBER 15, 1989 ISSUED BY FLUOR FINANCE N.V.

Notice is hereby given that pursuant to Section 8 (c) of the Terms and Conditions of the Notes and Section 7 of that certain Fiscal and Paying Agency Agreement dated as of September 15, 1982 among Fluor Finance N.V., Fluor Corporation and Bankers Trust Company, as fiscal and paying agent, Fluor Finance N.V. hereby gives irrevocable notice of its election to redeem all outstanding Notes at 101 1/4% of the principal amount on September 15, 1989 when interest on the Notes will cease to accrue and the sole right of a holder of the Notes which have been redeemed shall be to receive the redemption price. Payment of principal will be made upon presentation and surrender of the Notes, with all unexpired coupons attached, at the offices of any of the Paying Agents mentioned below.

- Paying Agents:**
- Bankers Trust Company  
Desford House  
68 Old Broad Street  
London EC2P 2EE
  - Banque Indosuez Luxembourg  
38 Allée Scheffer  
L-2520 Luxembourg
  - Bankers Trust Company  
12-14 Place Faidherbe  
des Champs Elysees  
75386 Paris
  - Bankers Trust Company  
Corporate Trust and Agency Group  
Four Albany Street  
New York 10015
  - Bankers Trust GmbH  
Bockenheimer Landstrasse 39  
6000 Frankfurt am Main 1
  - Bankers Trust AG  
Dresdnerstrasse 6  
CH-8022 Zurich
  - Banque du Benelux  
rue des Colonies 40  
B-1000 Brussels
- 15th August 1986 Fluor Finance NV
- Bankers Trust Company, London Agent Bank**

**Royal Insurance**

Royal Insurance plc, Group Head Office, 1 Cornhill, London EC3V 3QR

**Clubs**  
RIF has notified the other members of a policy of sale of the club's assets. The sale is to be completed by 10.30 am. On 2nd and 3rd August, 1986, the club's assets will be sold at the Royal Victoria Hotel, 189, Regent St., W1. 01-734 0557.



**Akzo nv** Registered Office at Arnhem  
Report for the 1st half year 1986



Consolidated statement of Income		1st half year	
		1986	1985
Net sales	Millions of guilders	8,092.7	9,194.8
Operating income		728.2	744.4
Financing charges		(60.9)	(108.9)
Operating income less financing charges		667.3	635.5
Taxes on operating income less financing charges		(228.9)	(225.7)
Earnings of consolidated companies from normal operations, after taxes		440.4	409.8
Earnings from nonconsolidated companies		17.4	56.9
Extraordinary items		24.1	34.8
Group income		481.9	501.3
Minority interest		(45.2)	(42.0)
Net income		436.7	459.3
Net income per common share of Hfl 20, in guilders		10.92	11.55
Common stock		789.9	785.1

**Sales and Income**  
Sales for the first six months of 1986 aggregated Hfl 8.1 billion, down 12% from the first half of 1985. Divestitures and acquisitions account for a 6% decrease, with translation of the sales of foreign Group companies at lower rates of exchange accounting for another 5% drop. After-tax earnings of consolidated companies from normal operations increased 7% compared with the first half of 1985 and amounted to Hfl 440 million. Earnings from nonconsolidated companies was adversely affected by lower results of the fiber companies in Latin America and India. The start-up cost of the areamid plants was also charged against income. The positive balance of extraordinary items in the first half of 1986 in principle due to deferred revenue from the 1983 sale of Grand-Rex (Akzo America). Compared with the first half of 1985 net income fell 5% to Hfl 437 million, corresponding to Hfl 10.52 per share (1985: Hfl 11.55). Before extraordinary items the drop in net income compared with 1985 was 3%.

The advance in sales of coatings is due to companies acquired in 1985. The weather-induced first-quarter lag for some products was made up in the second quarter. Earnings in a few product sectors continued depressed.

**Pharmaceuticals** sales were up as a result of acquisitions made in 1985. The decrease in operating income was almost entirely due to the adverse effects of changed rates of exchange, which could not be sufficiently compensated by price adjustments because of government-imposed price controls.

**Lower sales of consumer products** reflect the divestiture of Romi (oils and fats) at January 1, 1986. Overall, profit margins were distinctly better in the second quarter of 1986 than in the first. The profit was after exceptional costs of £205,000 relating to surplus property, part of which has been sublet; operating losses which have now been eliminated in Good Relations' New York office; and a write-off in respect of an amount from which revenue was taken last year.

**Closure of the New York office** cost the company £248,000 which has been treated as an extraordinary item. Good Relations has now entered affiliate agreements, its customary practice in international markets, with Georgetown and Company in New York for financial and corporate public relations and with the Keefe Company in Washington for public and political affairs.

**Yet Mr Good** claims that the worst effects of the bad publicity are now behind the company and that new business has recovered. In the second quarter of the year new business gains reached record levels, with new accounts from Ferruzzi, Fitch Lovell, Ratners and Wood Mackenzie.

**Although the first half** does show a fall in profits compared with the same period last year, it does represent an improvement on the second half," he said. "We are now back on a firmer footing and the chief problems of the first half, the closure of New York and excess property in London, have been redressed."

The board will pay an unchanged interim dividend of 2.1p and, according to Mr Good, the company is confident that it can increase pre-tax profits in the full year.

comment  
If ever a company has been in need of crisis public relations in the last year or so it is Good Relations. The company's sole stroke of luck came in February when the Stock Exchange rapped Ms Maureen Smith's knuckles and made it much more difficult for her to coax her old clients into her new retreat than the speculators.

comment  
The client list alone should make the company ripe for takeover. But so many prospective predators have prowled around Good Relations, and beaten a hasty retreat that the speculators who drove the shares up 15p to 100p yesterday, may yet be disappointed. The city tends to be suspicious about "write offs" for "revenue taken last year." And although the shares look undemanding on a multiple of 1.5 for projected profits of £1.3m, the risk of further defections may deter all but the optimists or would be arbitrageurs.

comment  
The group's England-based housebuilding and plant hire activities are budgeting for improved performances in the current year.

comment  
Retained earnings for the year came out at £12m (£124,000), after much higher tax of £13.57m (£137m) and the first annual dividend since 1985 - a final 5p (10p) for a 5p total. Earnings were 15.85p per share, against 4.34p. Shareholders' funds, however, were adversely affected by the large change in the sterling exchange rate during the year, said Mr Gallagher.

comment  
Turnover was just over £110m higher at £66.93m. The company is now managed from headquarters in England, rather than its previous Dublin base.

comment  
These results show why French Kier wanted Abbey no: badly and last year's fight has only strengthened the Irish company. The board is now united after decades of family feud; the emphasis has been switched to the affluent house wasters of south east England; and the loss-making Irish merchanting business has been shaken up and could just break even this year if the Irish economy defies the pundits with an upturn. All of which makes Abbey's bid defence good value at £20.5m. Unusually, it also understated the group's strengths, helping to explain the surprise most analysts expressed at the 15 per cent rise in shares. There are only two, and very wispy, clouds on Abbey's horizon. House prices in the south east look to be topping out, but even a drop from the current 15 per cent growth would leave a respectable margin. Second, somebody might try again where FK failed, but any bid would have to be pitched at around 200p - not cheap.

comment  
This year, and tax will fall to around 40 per cent of a lowly rated p/c of less than 8.

comment  
The breakdown of sales and operating income by product group was as follows (in millions of guilders):

Sales	1st half year	
	1986	1985
Man-made fibers	1,853	2,739
Chemical products	2,284	2,716
Coatings	1,182	1,051
Pharmaceuticals	1,144	1,042
Consumer products	730	861
Miscellaneous products	1,057	898
Intra-Group deliveries	8,230	9,307
	(137)	(142)
Total	8,093	9,195

Operating income	1st half year	
	1986	1985
Man-made fibers	168	165
Chemical products	223	251
Coatings	88	63
Pharmaceuticals	163	173
Consumer products	50	49
Miscellaneous products	74	76
Not allocated	744	777
	(116)	(32)
Total	728	744

Copies of this report may be obtained from the London Paying Agents: Barclays Bank PLC, Stock Exchange Services Department, 54 Lombard Street, London EC3P 3AH, and Midland Bank PLC, International Division, Securities Services Department, 110-114 Cannon Street, London EC4N 6AA. The report for the 3rd quarter of 1986 will be published on November 4, 1986.

To the Holders of

**SANYO ELECTRIC CO., LTD.**

5 Per Cent. Convertible Bonds Due 1996

**NOTICE CONCERNING MERGER**

Pursuant to the provisions of Clause 7(B) of the Trust Deed dated 24th September, 1981 between Sanyo Electric Co., Ltd. ("Sanyo") and The Law Debenture Corporation p.l.c., as Trustee, under which Sanyo's £50,000,000 5 per cent. Convertible Bonds Due 1996 (the "Bonds") were issued, notice is hereby given that:

(1) Sanyo and Tokyo Sanyo Electric Co., Ltd. ("Tokyo Sanyo") have entered into an agreement for merger (the "Merger Agreement") whereunder Tokyo Sanyo will merge into Sanyo and be dissolved and Sanyo will assume all of the business, assets and liabilities of Tokyo Sanyo as a continuing corporation.

(2) As a result of the merger the shareholders of Tokyo Sanyo will be issued one share of common stock of Sanyo having a par value of ¥50 per share for each Tokyo Sanyo share immediately after the effective date of the merger (at present expected to be 28th February, 1987).

(3) Pursuant to the Commercial Code of Japan the Merger Agreement is subject to the approval of the shareholders of both Tokyo Sanyo and Sanyo. An extraordinary general meeting of shareholders will be held on 27th August, 1986 for Tokyo Sanyo and on 29th August, 1986 for Sanyo to ask for the approvals of the shareholders of the respective companies of the Merger Agreement. The shareholders who were registered on the register of shareholders of the respective companies as of 31st May, 1986 will be entitled to attend and vote at the shareholders' meeting of the relevant company.

(4) Pursuant to the terms of the Merger Agreement the holders of shares of Tokyo Sanyo registered on the register of shareholders of Tokyo Sanyo as of 30th November, 1986 will also be paid by Sanyo an amount of ¥4 per share of Tokyo Sanyo held of record in lieu of the year-end dividend of Tokyo Sanyo for the year ending 30th November, 1986. This amount, however, will be subject to amendment upon consultation between Sanyo and Tokyo Sanyo in view of the condition of assets and liabilities of Tokyo Sanyo existing on 1st December, 1986.

SANYO ELECTRIC CO., LTD.

Dated: August 15, 1986

COMPANY NOTICE

**GESTETNER HOLDINGS plc**

Ordinary Shares

On 17th July 1986, the directors declared an interim dividend of 0.5p per share in respect of the 52 weeks ending 1st November 1986, payable on 3rd September 1986 to holders of Ordinary shares registered at the close of business on 8th August 1986. Holders of Ordinary shares in bearer form should lodge Coupon 122 at Barclays Bank PLC, the Stock Exchange Services Department, 54 Lombard Street, London EC3P 3AH on or after 3rd September 1986 for their entitlement to the above dividend.

Ordinary Capital Shares

On 17th July 1986, the directors also declared a dividend of 0.071p per share in respect of the 52 weeks ending 1st November 1986, payable on 3rd September 1986 to holders of Ordinary Capital shares registered at the close of business on 8th August 1986. In addition, holders of Ordinary Capital shares are reminded of their entitlement to scrip in accordance with the formula set out in the Company's Articles of Association. Such entitlement, based upon each Ordinary Capital share held at close of business on 8th August 1986, is as follows:

Based on the average price of 137.588235p for each Ordinary Capital share held holders will receive 0.0043915 of an Ordinary Capital share

Fractions of new shares will be sold for the benefit of the Company. Scrip, to be allocated on 22nd August 1986, will be despatched to registered shareholders on 12th September 1986.

Holders of Ordinary Capital shares in bearer form should lodge Coupon 122, with allotment instructions, at Barclays Bank PLC, the Stock Exchange Services Department, 54 Lombard Street, London EC3P 3AH on or after 12th September 1986 for their entitlement to dividend and Ordinary Capital shares (in registered form) in accordance with the above.

R. L. E. Lewis  
Company Secretary

London N17 9LT  
11th August 1986

**UK COMPANY NEWS**

**Good Relations profits fall by 77% to £0.4m**

BY ALICE RAWSTHORN

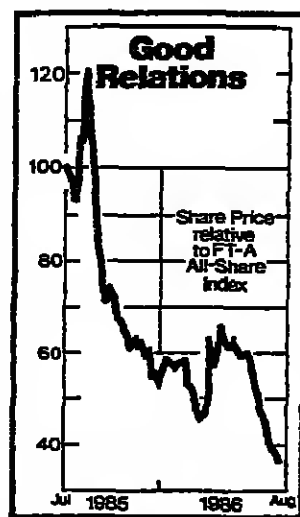
Good Relations, the public relations and advertising group which has suffered a series of boardroom upheavals in the last year or so, yesterday announced a fall in pre-tax profits to £401,000 and a loss after tax of £27,000 in the first half of this year.

Over the last year Good Relations has lost four main board directors, with the fourth walking out earlier this week; closed its New York office; watched the Stock Exchange mount an inquiry into share disposals by its former chief executive, Ms Maureen Smith; and received a succession of takeover proposals only to fail to agree merger terms with Vain Pollen in April.

In the six months to June 30 turnover fell by just 11 per cent to £581m, while pre-tax profits fell by 77 per cent to £401,000. Earnings per share fell to 2.6p from 4.7p.

The profit was after exceptional costs of £205,000 relating to surplus property, part of which has been sublet; operating losses which have now been eliminated in Good Relations' New York office; and a write-off in respect of an amount from which revenue was taken last year.

Closure of the New York office cost the company £248,000 which has been treated as an extraordinary item. Good Relations has now entered affiliate agreements, its customary practice in international markets, with Georgetown and Company in New York for financial and corporate public relations and with the Keefe Company in Washington for public and political affairs.



Mr Tony Good, the company's chairman, attributes the fall in pre-tax profits to the effect of adverse publicity on Good Relations' ability to win new business. "Of course we were affected by it," he said. "When a client faces a choice between two consultancies, all other things being equal they are certain to be influenced by what they read in the press."

Yet Mr Good claims that the worst effects of the bad publicity are now behind the company and that new business has recovered. In the second quarter of the year new business gains reached record levels, with new accounts from Ferruzzi, Fitch Lovell, Ratners and Wood Mackenzie.

**Restructured Bullers at £0.23m: expansion planned**

Bullers, manufacturer of ceramic products, saw its profits improve from £304,000 to £251,000 pre-tax for the first half of 1986 with the comparable figures taking in a final contribution of £167,000 from the disposal of the Allied Insulators high tension division.

Turnover for the period declined from £4.26m to £3.84m following a restructure of group operations in favour of a greater emphasis on consumer products.

The directors said yesterday that the shift in this direction had been advanced by the acquisition from the receiver last March of Caverswall China for £150,000.

Caverswall, based in Stoke-on-Trent, manufactures high quality fine bone china. It made a modest contribution to group profitability during the half year and, together with the Crumblies and Bullers (Staffordshire) subsidiaries, being mainly the net loss on disposal of businesses.

Mr David Valentine, group managing director, said the disposal of Taylor Tunnicliffe and the acquisition of Caverswall China underlined the group's strategy.

First-half earnings improved to 1.65p (1.56p). The interim dividend is a same-again 5.0p net.

There were extraordinary debits of £403,000 (credits £250,000), being mainly the net loss on disposal of businesses.

**Olives Paper returns to the black**

CONTINUED improved trading helped Olives Paper return to the black for the first half of 1986. Demand for Crumblies Paper MHL of Bury, Lancashire, to achieve a £137,000 (up from £122,000) pre-tax. Directors said they looked forward to the second half with confidence and if production on a continued expected to be able to recommend a return to the dividend lists at the year end.

The shares rose 8p on the day to close at 50p, a high for the year.

Turnover fell to £4.4m (£4.53m). The tax charge was £40,000 (nil) to leave earnings per 20p share of 2.55p against losses last time of 0.48p.

Directors said the gains in operating efficiency at the mill registered on the Register of Shareholders of the respective companies as of 31st May, 1986 will be entitled to attend and vote at the shareholders' meeting of the relevant company. (It should be noted that any holder of the Bonds who converted his Bonds into shares of Tokyo Sanyo during the period between 1st June, 1986 and the date of the shareholders' meeting (both days inclusive) will not be entitled to participate at these shareholders' meetings.)

**Cranbrook Electronic falls into red**

Cranbrook Electronic Holdings suffered a downturn into losses of £64,000 pre-tax, compared with profits of £118,000 for the six months to end-March 1986.

Turnover was down at £3.04m (£3.23m) and the loss per 5p share for this USM-quoted company came out at 0.8p, against earnings of 0.9p. The directors expect trading in the second half to be better than the first.

Mr Tony Diamond, chairman, said the results reflected extra spending incurred in developing new areas of business and investing in personnel and capital equipment. As a result the group had increased market penetration despite a contraction in the market for high technology electronic components and sub-systems.

**McKay Secs lifts payout to 3.65p**

Property investor and developer McKay Securities is raising its dividend from 3.25p to 3.65p net for the year ended March 31 1986, with a final of 1.53p.

Gross rents and service charges receivable rose from £4.3m to £4.8m, and the profit showed an increase from £2.49m to £2.55m, subject to tax of £636,000 (£807,000).

Earnings came to 8.6p (7.3p) for the 20p ordinary and 7.2p (6.1p) for the whole of the capital. Development outgoings were up to £628,000 (£414,000), and were appropriated below the line.

Tangible assets at the year-end were £57,66m (£55.53m) and included the directors' valuation of UK investment properties; these showed a surplus of £1.64m which has been transferred to revaluation reserves. Shareholders' funds stood at £44.52m (£42.9m).

**Abbey shares rise 20p with profits ahead of forecast**

BY FRANK KANE

Abbey, the Irish building company which now operates mainly in the South of England, made record profits of £17.39m (£6.62m) for the year to April 30, 1986, a period which saw it quoted shares rise 20p to 185p.

The result is a 144 per cent improvement over last time, and is also 22 per cent higher than forecast at the time of the bid last October. The company's defence costs totalled £548,000, taken as an extraordinary item.

Mr Charles Gallagher, the chairman, said yesterday that the figures were achieved in spite of a predicted loss in the merchanting division, which is responding to management changes.

The group's England-based housebuilding and plant hire activities are budgeting for improved performances in the current year.

Turnover was just over £110m higher at £66.93m. The company is now managed from headquarters in England, rather than its previous Dublin base.

comment  
These results show why French Kier wanted Abbey no: badly and last year's fight has only strengthened the Irish company. The board is now united after decades of family feud; the emphasis has been switched to the affluent house wasters of south east England; and the loss-making Irish merchanting business has been shaken up and could just break even this year if the Irish economy defies the pundits with an upturn. All of which makes Abbey's bid defence good value at £20.5m. Unusually, it also understated the group's strengths, helping to explain the surprise most analysts expressed at the 15 per cent rise in shares. There are only two, and very wispy, clouds on Abbey's horizon. House prices in the south east look to be topping out, but even a drop from the current 15 per cent growth would leave a respectable margin. Second, somebody might try again where FK failed, but any bid would have to be pitched at around 200p - not cheap.

comment  
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	(137)	(142)
Total	8,093	9,195

Copies of this report may be obtained from the London Paying Agents: Barclays Bank PLC, Stock Exchange Services Department, 54 Lombard Street, London EC3P 3AH, and Midland Bank PLC, International Division, Securities Services Department, 110-114 Cannon Street, London EC4N 6AA. The report for the 3rd quarter of 1986 will be published on November 4, 1986.

comment  
The breakdown of sales and operating income by product group was as follows (in millions of guilders):

Operating income	1st half year	
	1986	1985
Man-made fibers	168	165
Chemical products	223	251
Coatings	88	63
Pharmaceuticals	163	173
Consumer products	50	49
Miscellaneous products	74	76
Not allocated	744	777
	(116)	(32)
Total	728	744

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Sales	1st half year	
	1986	1985
Man-made fibers	1,853	2,739
Chemical products	2,284	2,716
Coatings	1,182	1,051
Pharmaceuticals	1,144	1,042
Consumer products	730	861
Miscellaneous products	1,057	898
Intra-Group deliveries	8,230	9,307
	(137)	(142)
Total	8,093	9,195

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UK COMPANY NEWS

Corah awaits benefit of second half boost

A STRONG order book and continued improvement in margins are expected to have a significant impact on the second half trading at Corah, the manufacturer of knitted clothing and fabrics which lists Marks & Spencer among its principal customers.

The order book provided a solid base for a high level of manufacture during the remainder of the year, the directors said. The margin improvement stemmed from stringent control of costs and lower raw material prices, backed up by some selling price increases.

Reporting on the first half ended July 5 1986, they said

sales fell from £47.28m to £45.09m mainly because of the cessation of trading at Drewry & Edwards last Autumn, and the closure of Lway Fashions this year. Also sales of Spring and Summer merchandise were delayed by the late arrival of Summer.

Profit was down from £1.02m to £906,000, subject to tax £317,000 (£230,000). Earnings came out at 1.7p (2.3p) but the interim dividend is held at 1.5p net per share.

Lway was closed because of continuing losses and there were extraordinary costs of £423,000 related thereto in the period. Following the transfer

of Reliance Industrial's employees into the Corah pension scheme, a net refund of £533,000 was realised from the winding up of the Reliance scheme. This also was treated as extraordinary.

The directors said Reliance traded profitably in the first half and they were confident it would contribute significantly to the year.

In respect of the previous full year the group accounts showed exceptional tie charges of £729,000 against that company. And with greatly increased interest charges the profit before tax for 1985 fell from £3m to £687,000.

Miss World running to budget

With the two main events still to come, current trading of the Miss World Group is up to budget and the outcome for 1986 should be satisfactory, forecasts the chairman Mr Eric Morley.

In the first half turnover rose to £408,000 (£385,200) pre-tax profit to £187,300 (£153,300). The Miss World and Miss United Kingdom beauty contests take place in the second half and that was therefore the more profitable, he said. Last year it accounted for £401,700 pre-tax.

After tax £67,000 (£69,500) the half year's earnings of this USM traded group were 5.14p (4.3p) per share. The interim dividend is lifted to 1.5p net (1.2p) at a cost of £29,250 (£23,400).

Victor accelerates to show £1.4m profit

WITH THE 1984-85 miners' strike well behind it, Victor Products continued to recover and finished the year to April 30 1986 with a pre-tax profit of £1.42m, after reporting £318,000 for the first half.

The recovery came substantially from work carried out for British Coal, where demand for consumable items returned to pre-strike levels.

Nonetheless, the directors pointed out that increased effort in other areas enabled the group to further reduce its dependence on British Coal—other industries served are oil, petrochemical and shipbuilding.

The directors stated that the high level of ordering from British Coal continued in the opening two months of the current year but was now "tapering off." However, they were confident that, overall, the recovery in business and improvement in profitability would continue.

Policy of continuous development had led to a steady updating and widening of the product ranges. The company had completed its first design-manufacturing system and planning for the second and third systems was well in hand.

Following the increase in the interim, the final dividend is raised to 3.25p for a net total of 5p for the year. This compares with maintained 4.6p for the previous year when the group ran into a loss of £670,000 (profit £1.1m).

Net turnover in 1985-86 came to £20.7m (£15.9m) from which a trading profit of £1,930m (loss £203,000) was achieved. Earnings were 12.5p (loss 12.6p) per share.

Beales boosted by improved margins

MARGINS ON John Beales textile operations improved significantly during 1985-86 and enabled the group to lift its profits for the year from £651,000 to £1.04m pre-tax.

Increased activity in the refrigeration business following two acquisitions also contributed to the improvement.

Liquidity remained strong throughout the year despite acquisitions and a strong capital investment programme. At year-end cash balances had risen to £1.6m (£1.2m).

A final dividend of 3.45p lifts the total from 4p to 4.8p net. Earnings were 26.7p (16.5p) basic per 20p share.

The directors said yesterday that they were committed to expanding both the textile and refrigeration businesses organically and, where possible, by acquisition.

In addition, they said they should develop a third area of investment which, taken together with textiles and refrigeration, would form the basis of Beales' future long-term growth.

With these requirements in mind shareholders will be asked at the AGM to approve a 25 per cent increase in the authorised share capital to 5.33m ordinary shares.

Group turnover for the past year (to May 31 1986) improved from £13.71m to £15.58m. Textiles (men's underwear, socks and leisurewear) returned sales of £14.32m and pre-tax profits of £98,000.

The present order book in this sector is good and the directors said that a stabilising effect in regard to the outlook now seemed to be increasingly borne out by events.

Turnover in the year rose from £37m to £40.3m and trading profit from £2.12m to £2.37m. Tax took £397,000 (£403,000) after this time allowing for a prior year over-provision of £143,000, to give net earnings of 31p (20p).

Daejan Holdings PLC

The Chairman, Mr B S E Freshwater, reports:

- Record profit levels and continued solid progress.
- Commercial rent levels continue to improve and our shop portfolio has performed particularly well.
- Acquisitions in excess of £12 million during the year.
- I am reasonably confident that next year's results will not disappoint.

Year ended 31st March	1986	1985
	£	£
Profit before Tax	14,961,000	13,255,000
Net Profit	7,987,000	7,813,000
Earnings per Share	49.08p	48.03p
Dividends per Share	14.00p	13.00p

Copies of the Report and Accounts are available from The Secretary, 182 Shaftesbury Avenue, London WC2H 8HL.

L. Newmark as forecast

Results from Lonis Newmark, electronic and precision engineer and watch distributor, for the year ended March 29, 1986 were as forecast at the halfway stage, with pre-tax profits of £1.37m, against £1.24m.

And the dividend is raised by 1p to 14p net, the final being 9p.

The directors also forecast the profit trend should continue into the current year, and confirmed yesterday that in general that had proved true of the

manufacturing businesses where current orders were still satisfactory.

But on the defence industries side, they said, their long-held caution in regard to the outlook now seemed to be increasingly borne out by events.

Turnover in the year rose from £37m to £40.3m and trading profit from £2.12m to £2.37m. Tax took £397,000 (£403,000) after this time allowing for a prior year over-provision of £143,000, to give net earnings of 31p (20p).

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether the dividends are interim or final and the subdivisions shown below are based mainly on last year's timetable.

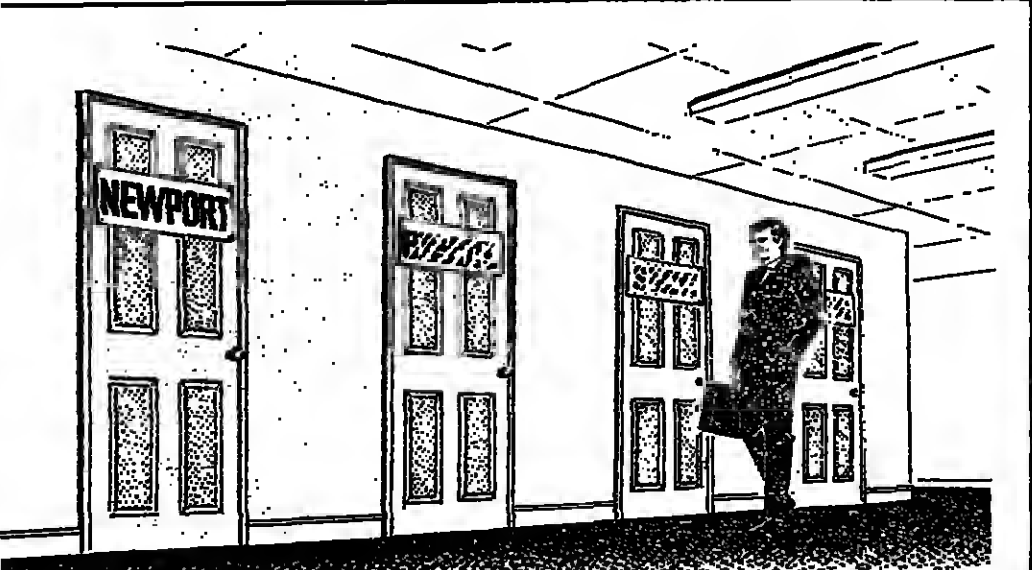
TODAY

Interim: Alport Bank (Heddon), T. Clarke, EBC, East Rand Consolidated, Mng Fields, INOCO, Tricentel, Finslip, Jps, Wholesale Fittings.

FUTURE DATES

Interim: Barr and Wellsea Arnold Trust (Sept 18), Dewhurst (1), J (Aug 26), Edinburgh Oil and Gas (Aug 29)

Garfunkels Restaurants	Aug 21
Home Counties Newspapers	Sept 5
Imperial Chemicals	Aug 20
Pacific Assets Trust	Aug 28
Pearson	Sept 8
Rembrandt Smg and Jeffries	Sept 15
Ryan International	Aug 21
Slough Estates	Aug 27
Southern General	Aug 20
Supra	Aug 27
Wilson (Genov)	Sept 3
Yensberger	Aug 26
Tenby Industries	Aug 28
Finals:	
Consolidated Plantations	Aug 30
One Electric International	Aug 21
Fintan (John)	Aug 20
Flascher Challenge	Sept 9
Industrial Forestry	Aug 21
Kennedy Smale	Aug 27



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Rustenburg Holdings Limited Platinum

(Incorporated in the Republic of South Africa) REG. NO. 05 23452 06

The fortieth Annual General Meeting of the Company will be held in Johannesburg on September 9, 1986

Extracts from the Chairman's Statement by Mr G H Waddell.

For the year to June 30, 1986, profit after taxation attributable to shareholders rose by R101.3 million to R238.2 million. This was an increase of 64.6% over that earned in the previous year and as such was again the highest yet achieved as measured in rands. The latter caveat should be clearly borne in mind since those profits, if measured in United States dollars, remain substantially below those earned in 1980 and 1981. Rustenburg is unlikely to be alone in that, and it is a matter of grave concern both for your company and in a wider context for the country, since it is a striking and brutal reflection of the depreciation of the value of the rand vis-à-vis the United States dollar.

This further substantial growth in rand profits during the year under review was due in great measure to the fact that Rustenburg and indeed the platinum mining industry as a whole found itself in the fortunate position where the United States dollar prices for platinum and rhodium were rising at the same time as the value of the rand against the United States dollar was falling. The compound effect of that combination was that Rustenburg realised average rand prices during the year under review which were at least until now unprecedented levels. The cause of the rise in the United States dollar price lay primarily in the recognition of the fact that demand exceeded the new supplies to the market from the producers. The origins of the further fall in the value of the rand against the United States dollar—as I write it is worth less than 40 US cents—lay in the myriad of perceptions held by those elsewhere on the policies of our present Government, the growing and real threat of further sanctions and the likely future of this country in the years that lie immediately ahead. This present judgement as depicted by the value of the rand must be a matter of the gravest concern to all who live here.

Rand revenues from the sale of metals for the year to June 30, 1986 increased, for the reasons which I have just described, by no less than R336.5 million to the highest yet attained of R1,949.5 million. As such, revenues rose by 50.5% above the comparable figure of R1,063.1 million received during the previous financial year.

On-mine costs in the aggregate increased by R130.7 million (26.3%) to R229.8 million (1985: R497.3 million). This was a creditable performance in the light of the rate of inflation of 16.9% to June 30, 1986 and a further increase in the level of production.

Profit before taxation increased by R333.1 million (101.9%) to R220.5 million (1985: R307.3 million). However, the liabilities for taxation and lease rose by the even greater proportionate amount of R208.1 million to R254.5 million (1985: R146.5 million). That increase highlights the fact that Rustenburg continues paying tax and lease at the marginal rate of 66% which, as I said last year, is inordinately high given the nature of its business.

The profit after taxation rose by 64.6% to R256.2 million. Earnings per share were therefore 206.1 cents as compared with the figure of 125.2 cents per share in the previous year. This allowed your Board of Directors to raise both the interim and final dividends by 50% to 32.5 cents and 62.5 cents respectively (1985: 35.0 cents and 55.0 cents respectively).

The Group's holdings of cash and short-term deposits and investments increased to R363.2 million at June 30, 1986 (1985: R233.9 million). The Group has deliberately strengthened its financial position in recent years in order to be better able both to withstand any substantial decline in the price of platinum and to meet the greater competition for sales either from its present or new competitors. The decision in January 1983 to abandon adherence to the producer price should also be seen as part of the policy to put Rustenburg in a better position to compete.

PLATINUM PRICE. The free market price of platinum was US\$252 on July 1, 1985 and US\$431 on June 30, 1986. It in fact rose with some minor aberrations steadily throughout that year and the average free market price increased to US\$357 per troy ounce as compared with the average of US\$300 for the previous year. This naturally was a very welcome improvement, though the average free market price has still to recover further before it will have regained its levels of past years. Its improvement to date had its origin in the much better balance between demand and supply which had emerged during the last year or two. Its momentum was sustained and sporadically increased, particularly in the first six months of 1986, by growing fears overseas about the stability of this country in the light of the widespread unrest and violence and this, of course, led them to question the ability of the mines to continue to deliver. It is, of course, not easy to come to any even tentative conclusion as to the quantum effect of these influences upon the price in the context of the increasing demand to which I have already referred. All that can be said is that the price of platinum in United States dollars continued to rise and this, in spite of the fact that imports of platinum into Japan—where there is a much larger degree of price elasticity than elsewhere—fell during the first five months to May 31, 1986 by 39%. This was in stark contrast to the tale of the previous year and must reflect in significant degree the fact to which I refer below that platinum, at least initially after its rapid rise, had become relatively expensive as seen by Japanese investors in comparison to gold. It is something of a comfort that it appears that the pendulum is now swinging back and indeed, in the month of June 1986, imports of platinum into Japan for the first time this year exceeded those of the same month in 1985.

In spite of this substantial decline in demand from Japan, the price per troy ounce, as I have said, continued to improve and this reflected the increased demand in the United States of America and Western Europe. There was also a particularly significant increase in the demand for platinum for investment purposes. The recognition of this increase in demand outside Japan for industrial and investment purposes was strong enough to establish a premium for the price of platinum over that of gold. That premium first re-appeared briefly in August 1985, and despite a temporary disappearance in September, it had by the end of the year established itself with some apparent degree of permanence and increased to a level in excess of US\$80 an ounce. Indeed, as I write, the premium is just in excess of US\$100. This is no more than is due to platinum which, as I have said before, is much more than a monetary metal in the light of its strategic and other uses in industry where it has a much broader base than gold. It has, however, to be accepted that the characteristics of the platinum market are such that the volatility of its price both up and down is likely to remain greater than that of gold.

AUTOMOBILE INDUSTRY. The automobile industry within the United States of America increased its production yet again in the year to June 30, 1986, when it reached 8,060,000 automobiles, an increase of 12% over the previous year.

Western European automobile manufacturers have, of course, for years fitted catalytic devices to the cars which they exported to the United States of America to meet the emission control

standards in force in that country. They are now beginning to do the same for cars for sale within Western Europe. In Germany, in particular, the number of cars registered as equipped with catalytic devices began to rise rapidly from December 1985 and, as I understand it, the present intention of the West German automobile manufacturers at least is to continue to increase the proportion of their production fitted with catalytic devices. In Sweden, too, the same is more than likely to happen as that country is to adopt the American 1983 standards for emission control from model year 1989. In the interim, voluntary acceptance is encouraged by cheaper unleaded fuel and tax incentives. Norway, Switzerland and Austria are three other countries which are going to introduce similar measures.

It seems, therefore, that requirements for platinum and rhodium by Western European automobile manufacturers are increasing apace and may well be sufficient to offset any decline in demand from their counterparts in America from the level of 811,000 ounces in 1985 as estimated by the United States Bureau of Mines. Sales of Japanese automobiles worldwide increased by 8.1% to 7,646,816 in 1985. The additional sales were mainly made in the United States of America and in Europe. Sales of South Korean Automobiles within North America also increased rapidly.

JEWELLERY AND INGOTS. It is both pleasing and encouraging that the best estimate that we have of sales of platinum for use in jewellery in Japan during the year to December 31, 1985 suggests an increase of the order of 80,000 ounces to about 700,000 ounces. That represents a rate of increase of nearly 13% and that rate of increase has more or less continued as Tanaka's sales of platinum for use in jewellery were 12% higher for the first six months of 1986 as compared with the same period in 1985 and were particularly good in June and July. If Tanaka's experience is typical of the platinum jewellery industry, as a whole, it will portray very satisfactory progress worldwide increased by the price of platinum has been significantly above that of gold, since, as I have said, Japan is the most price elastic of our major markets. For that same reason, sales of kilo bars of platinum to large investors fell substantially in Japan during the first six months of 1986 compared with the same period in 1985, as indeed did sales of platinum to industry, where it seems likely that stocks of platinum built up at lower prices were to some extent run down.

Further progress was made in the Federal Republic of Germany where in calendar year 1985, as a result of the improvement in the economy, platinum continued to improve its niche relative to the jewellery market as a whole. Indeed, the latest estimate for the first four months of 1986 is encouraging and shows further increases of sales of platinum jewellery of 15% in the number of pieces, 21% by value and 30% by weight over the same four months in 1985.

The increase in the level of investment in platinum, particularly in the United States of America, via the media of ingots and small bars were substantial and more than balanced the decline in the demand from other sectors (to which I have already referred). I rather suspect that this is, at least prima facie, evidence of another sphere of price elasticity which, though not without risk, is to be welcomed. Our best estimate is that during calendar year 1985, the worldwide offtake of platinum for investment in ingots and small bars more than doubled and that the momentum may well have increased during the first six months of 1986.

INDUSTRIAL DEMAND. The latest available figures from the United States Bureau of Mines relate to the quarter which ended on 31 March 1986. These depict substantial growth overall in that period within the industrial demand from consuming industries within the United States of America. In fact, the Bureau of Mines estimate is that the increase in consumption of platinum during that period was 32.4% to 406,814 ounces (1984: 307,227 ounces).

In Japan, our best estimate is that industrial demand in 1985 probably was similar overall to that of 1984 with most industries showing either small increases or decreases. Demand fell significantly in the first six months of 1986 as the price rose in United States dollars, but not of course to anything like the same extent in yen. It seems, too, that the comparable figures may be somewhat distorted by the unusual level of reported purchases by the Japanese automobile industry at the beginning of 1985. In Western Europe the picture in 1985 as compared to 1984 was very similar to that of Japan in that these mixed fortunes for the various industrial uses of platinum resulted in no change of significance overall.

MINING AND REFINING. There were again a number of new developments of considerable importance at the mines during the year to June 30, 1986. At Union Section an increased tonnage was mined and processed from the UG2 reef with results that more than matched expectations of the likely level of recovery. This, of course, augurs very well for the future exploitation of this reef as and when that becomes desirable as UG2 is found as extensively as the Merensky Reef throughout Rustenburg's mines. Also at Union Section an experiment on the appropriate scale into the viability of trackless mining has been initiated. If proven successful, it will have profound implications for Rustenburg's mines.

A number of new productivity records were established on the mines during the year under review and the introduction of technological innovations resulted in significant financial benefits. It is very pleasing that Rustenburg, Union, Amandelbult and Atok all retained their five star status under the International Mines Safety Rating scheme administered by the Chamber of Mines.

Shareholders were informed on June 11, 1986 that the decision has been taken to proceed with the construction of a new precious metals refinery which would have the capacity to refine in excess of Rustenburg's current rate of production of platinum group metals.

It is estimated that the full escalated cost will amount to the order of R230 million. It will, of course, be based on the Solvex process which has been proven at the large-scale pilot plant at Royston.

During the year under review, the precious metals refineries at Royston and particularly at Wadeville, together with the base metals refinery at Rustenburg, operated satisfactorily.

PROSPECTS. The company is in a sound financial condition and the demand for platinum and platinum group metals continues to be satisfactory. Like the year just past, the main arbiters of Rustenburg's results for the year to June 30, 1987 will therefore, remain the prices received in United States dollars and the value of the rand vis-à-vis that currency. If both the current level of demand and the rand prices obtained in July continue, then Rustenburg's profits will again increase.

G H WADDELL, Chairman August 1, 1986

Copies of the Report and Accounts, which include the full Chairman's Review, are obtainable from the London Secretaries: Barnato Brothers Limited, 99 Bishopsgate, London EC2M 3XE.

SYMONDS ENGINEERING p.l.c.

The thirty-ninth Annual Meeting of Symonds Engineering p.l.c. was held on 14th August in Enfield, Mr. G. A. Rowley (Chairman) presiding.

The Accounts have shown an increase in turnover from £3,827,344 for the previous year 1984/85 to £3,721,758 for the year 1985/86. The net trading profit before tax is £37,433 compared with £72,682 for the previous year. There is also an additional extraordinary profit before tax of £109,569 realised from the sale of investments.

Although the trading profit for 1985/86 is extremely disappointing, mainly due to a lack of increase of turnover in the second six months of the financial year, the action taken to create a broader base in certain areas of our industrial activity is now supported by a much improved order intake.

The turnover for the first three months of trading has shown a marked improvement as compared with the same period last year and, coupled with an overall strong order book, we face the year 1986/87 with the hope that we shall be able to use our manufacturing capacity to the full.

A final Ordinary Dividend for the financial year ended 31st March 1986 of 12.25% (1985—12.25%) making a total dividend for the year of 18.25% was approved.

McKAY SECURITIES PLC

PRELIMINARY ANNOUNCEMENT (ABRIDGED)

Group Results for the Year Ending 31st March, 1986	1986	1985
	£'000	£'000
Gross Rents and Service Charges		
Receivable	£4,804	£4,310
Profit before Tax	£2,546	£2,392
Profit after Tax	£1,910	£1,583
Earnings per share	7.2p	6.1p

Directors recommended a final dividend of 1.95p per share making a total for the year of 3.65p (1985—3.25p).

A Directors' valuation of the Group's U.K. investment properties was carried out on 31st March 1986 which showed a surplus of £1,637m. This surplus has been credited to Capital Reserves.

Annual General Meeting to be held at 20 Parkside, Knightsbridge, London SW1, 9th October, 1986, at 12 noon.



FT COMMERCIAL LAW REPORTS

THE PROPERTY MARKET

Assent to arbitration need not be written

ZAMBIA STEEL & BUILDINGS SUPPLIES LTD v JAMES CLARK & EATON LTD

Court of Appeal (Lord Justice O'Connor, Lord Justice Ralph Gibson and Sir Denis Buckley):

A WRITTEN arbitration clause contained in a contract made partly orally and partly in writing is an "agreement in writing to submit to arbitration" binding on both parties, though one did not give any written assent.

The Court of Appeal so held when allowing an appeal by James Clark & Eaton Ltd, defendants, from Sir Neil Lawson's refusal to grant a stay of proceedings brought by the plaintiffs, Zambia Steel & Buildings Supplies Ltd.

Section 1 (1) of the Arbitration Act 1976 provides: "If any party to any arbitration agreement... commences any legal proceedings... against any other party to the agreement... any party to the proceedings... apply to the court to stay the proceedings..."

LORD JUSTICE O'CONNOR said that the defendants sold a large quantity of sheet glass to the plaintiffs, a Zambian company.

The plaintiffs complained that the glass was damaged during shipment. On August 26 1983 a writ was issued claiming damages for breach of contract.

On October 17 1984 the defendants moved to stay the proceedings on the ground that there was a binding arbitration agreement within section 1 (1) of the Arbitration Act 1976.

The evidence was that in September 1976 that plaintiffs' agents approached the defendants with regard to the supply of a large quantity of glass. The defendants sent a quotation dated October 11.

Below the quotation, in print, the document stated: "Quotations are made on our terms of business printed overleaf." On the back of the quotation was included a term "... disputes on the contract to be settled by arbitration in England according to English law..."

In response, the plaintiffs sent the defendants a purchase order, repeating the quotation verbatim. No conditions were attached.

Negotiations continued as to quantities and price. There was a revised quotation on the same form, and an amendment to the purchase order. Matters then went to sleep while a letter of credit was being arranged.

Then, in early May 1977 the defendants went to Zambia and negotiations were conducted around a quotation of May 2, which was again on pro forma. It took several days of negotiation before agreement was reached. Finally, the contract was made on the basis of the May 2 quotation, which expressly incorporated the arbitration clause.

That was the evidence as to formation of the contract. Sir Neil Lawson found, quite properly, that there was no concluded agreement until May 2 1977. He said the quotation of May 2 constituted a new invitation to treat. No documents were signed by the plaintiffs as a result of it. There were conversations and a contract was entered into.

That was not a sufficient finding. It was necessary to decide whether the terms on the back of the quotation formed part of the contract. There was no doubt on the evidence that they did.

The question therefore was whether there had been an agreement in writing within section 7.

Sir Neil concluded that though the actual arbitration clause was in writing, it was necessary to show by some writing that the plaintiffs had assented to it for there to be a binding contract.

He fell into error in so doing. Examination of the authorities showed that if a document with an arbitration clause in writing formed part of the parties, one party's oral assent to the contract was sufficient.

Hattersley & Post & Fin 116, a case under the Common Law Procedure Act 1854, which required submission to arbitration to be in writing, showed that where assent to written terms could be inferred from the conduct of the party, that was sufficient to satisfy the statute.

In the *Saint Raphael* [1953] 1 Lloyd's Rep 403 Lord Justice Lloyd said that "to be a written agreement to arbitrate it is unnecessary for the whole of the contract, including the arbitration agreement, to be contained in the same document. It is sufficient that the arbitration agreement is itself in writing; indeed it is sufficient if there is a document which recognises the existence of an arbitration agreement between the parties."

He held that an arbitration agreement need not be signed and that the definition was satisfied "provided there is a document or documents in writing which... recognise, incorporate or confirm the existence of an agreement to submit."

It was said in the present case that there was nothing in writing after the oral negotiations

which led to the formation of the contract in Zambia in May 1977. That was true. But the cases did not require subsequent written acknowledgement of an arbitration clause contained in a document which was part of the agreement.

Once it was clear that the document formed part of the agreement, the requirement of section 7 of the Act was satisfied and there was a binding agreement to arbitrate.

The defendants were entitled to a stay. The appeal should be allowed.

LORD JUSTICE RALPH GIBSON, agreeing, said if the term containing the agreement to submit was incorporated in a document and it was proved that the party was bound by an agreement which included the terms of that document, no further proof of the agreement to submit was required.

SIR DENIS BUCKLEY, also agreeing, said that the contract was partly unwritten and partly in writing. The agreement to arbitrate was a term in writing of the agreement which the parties entered into.

The endorsed terms of business contained in the quotations thus became a written record of the terms to which the parties were assenting and a contractual document, part of the contract.

For the plaintiffs: Mark Potter QC and Charles Gibson (Field Fisher and Martineau). For the defendants: Stanley Burnton QC and Michael McLaren (Slaughter and May).

Helpful boost to unitisation drive

FOR YEARS the Stock Exchange has resisted pleas from stockbroking firms to permit the delisting of property companies owning no more than one building. The notion of a solitary egg in a single basket was too much for the risk-averse folk in Threadneedle Street to contemplate.

But not any more, it seems. This week the exchange conceded the principle, if not the specifics, by agreeing to consider for listing the Property Income Certificates, known as Pincs, promoted by County Bank and agent Richard Ellis. Though not the same as a share in a property company, Pincs will offer investors the right to the income and capital growth from a single property, without being subject to corporation tax or capital gains tax.

Here, too, in this instance, is born of realism. Having seen much trading in leading equity shares sloping off to New York, and having watched the market sag, the exchange and the brokers have sought to bring a block at Billingsgate on the Luxembourg exchange, the Stock Exchange could hardly have allowed a potentially interesting new securities market slip through its fingers.

By seizing the opportunity it has also given a helpful boost to the move to unitise individual properties and, more specifically, to the form of unitisation promoted by County Bank and Richard Ellis.

So much the better for them, for this is a handout that needs all the help it can get. The basic idea behind the

The Stock Exchange's agreement to consider for listing Property Income Certificates will aid proposals for introducing liquidity into the property investment market, writes John Plender

end-investors, the vendor could sell more in the market. The hope is that by introducing the magic ingredient of liquidity, the paper would trade at a lower yield (and thus a higher price) than the one implied by the initial placing price, which would be based on a conventional valuation reflecting the poor marketability of so over-sized property.

Another key defence against the sceptics is that market research has produced an encouraging response. About 46 per cent of a sample of 153 companies, investment institutions and advisers were found by a research outfit of the value of the ground they themselves likely investors in Pincs given an active market.

Well, maybe. But any potential seller would not wish to give a response that would discourage others from bringing liquidity to the property market, just as the 20 underwriters lined up by County Bank and Richard Ellis may well feel that it is worth paying a modest price to get the market off the ground for their own particular reasons.

Note, too, the important caveat about an active market which points to a chicken and egg problem. If investors are worried about liquidity, they may not come in; if they do not come in there will not be much liquidity. Equally important, trading will take place initially on the basis of brokers matching buyers and sellers. Nobody expects genuine market makers to step in to quote two-way prices until later at best. Even so, it is a moot point how much liquidity they will provide, given that it is not easy to trade in any size today in the shares of quoted companies capitalised in the £10m-£50m range.

The biggest question mark, however, concerns the initial willingness of investors to take Pincs at the value's estimate of the underlying worth of the individual property, before it is left to the stock market to arrive at its own independent valuation of the units in day-to-day trading.

In theory, the initial price should be attractive to investors because the property would be valued at a discount to a smaller market, but investment of otherwise comparable quality. By turning the over-sized property into a more marketable commodity, that discount should, it is argued, be eliminated. In practice, however, it may be rather different.

Consider the reasons why investment trusts and property investment companies have traditionally traded at a discount on the stock market. In part, the discount reflects the need to make a deduction for capital gains tax against the value of the investments—a factor which is not relevant to Pincs. But it also reflects doubts about the overall liquidity of the portfolio and about management.

Both these things matter greatly in the case of unlisted property. For a start, investors are being asked to buy on the basis of the value's opinion. Valuation is an art, not a science, and the risk inherent in the valuation process is, by definition, not being spread over a number of properties in this instance. So it is magnified.

Many of the target investors for Pincs have also learnt to their cost that the valuations of individual properties in their portfolios have rarely stood up, in recent months, when the property has been offered in the market. They may well suspect that the valuation will err on the side of optimism and look for a discount to the price of the Pinc to compensate.

Smaller institutions, which are the ones expected to bring the net cash inflow to the market, may also be wary of claims made for the liquidity of unlisted property. If they have experienced the problems of trying to sell pension fund property units over the past two or three years, they will take some convincing.

As for the management of the property, many of the investors sounded out by Ellis and County Bank like the idea of being passive investors, leaving the task to the vendor, who continues to hold a majority interest in the property. Others take a less lazy view. Having discovered the importance of good management in the property market shake-out of the 1980s they worry about being minority investors in a vehicle whose management is ultimately in control of someone else. And where outside investors own the majority, the worry is about finding and keeping good, entrepreneurial-style management for what has become a predominantly institutional investment.

That suggests that the promoters of unitisation may be up against the same problem that the promoters of investment trusts face. It is hard to persuade people to buy at par an investment that is traditionally traded at a discount. The trick can sometimes be pulled off in a bull market. But commercial property is scarcely a bull market today. And while the agents can (as always) find grounds for optimism about rents and yields, the best argument for commercial property investment at present is that the return is likely to look less dismal in quarterly investment performance surveys now that equities have suddenly remembered that they are entitled to go down as well as up.

My own hunch is that County Bank and Ellis will choose a handful of splendid properties to unitise in order to give the market the best possible chance to get off the ground. The underwriters will, in the early stages, do their stuff. The promoters will then do their best to ensure that the after-market is reasonably active.

But to due course secondary property will creep on to the

market. And unless the underlying property investment market is bubbling in a way that it has not bubbled since the 1970s, the new property units will trade at a discount. Everyone will then recognise that unitisation provided the perfect solution to the problems of would-be sellers but not to the problems of property-shy investors. The excitement will fade away.

This is in no way to denigrate the work done by the promoters of Pincs. To have found an investment vehicle that avoided corporation tax and capital gains tax and which did not require legislation to set it in motion was a notable achievement. Perhaps it will find other uses in other transactions. The credit lies chiefly with Mr Neil Sinclair of solicitor Berwin Leighton Ellis and County Bank who also steeled a march on their counterparts, most notably the stock under Mr John Barkshire, which took forward the original proposals mooted last December by the report on unitisation put out by the Royal Institution of Chartered Surveyors.

The Government is to give the Barkshire plan, which involves a simplified ownership, the green light in its Financial Services Bill. But it would be difficult in view of the bill's timing, to float anything much before mid-1987. And since the Stock Exchange is now interested in coming on the act, there is not much point in establishing a market from scratch. The question now might be whether it is worth continuing to promote

Trying to find those who took shares in Billingsgate has become a favourite sport in the City

what the Barkshire camp regards as an inherently superior investment vehicle for use on the Stock Exchange in competition with Pincs.

As for Billingsgate, this was always best regarded as an unusual investment with an individually tailored capital structure. Those who took the shares are alleged to be rare birds; trying to find them has become one of the City's favourite sports. What can be said is that the Stock Exchange offers a more credible market place. Those with long memories may recall that it was to Luxembourg that the ICI pension fund retreated in more recent years to undertake joint ventures with the (now fugitive) financier Mr Judah Binstock.

And by way of a postscript, what is so new about unitisation anyway? It is only in recent years that the Stock Exchange has excluded single asset property companies. The Old Corn Exchange building in the City was owned by a single company until British Land took it over in the 1970s. If memory serves, Baranquilla Investments, which developed BP's City office block, was to all intents and purposes a single asset company. Perhaps the real novelty lies chiefly in the way that Richard Ellis is now set to become a member of the Stock Exchange. Next stop, merchant banking?

APPOINTMENTS

Smiths Industries strengthens board

Sir Peter Thompson, executive chairman of National Freight Consortium, and Mr Neil McGowan Shaw, chairman and chief executive of Tate and Lyle, join the board of SMITHS INDUSTRIES as co-executive directors from September 1. Earl Jellicoe will retire from the board on August 31.

Mr Ronald G. Hooker joins the board of GOTHIC CRELLON as co-executive director. Among his directorships, Mr Hooker is chairman of Dubilier, Raydenc, Sarsons Technology, The Storey, Henry Sykes, and is a director of Hambros Industrial Management, Melville Technology and Airlship Industries.

Following the acquisition of The Kentenbury, Mr P. D. N. Earle and Mr R. V. Denham have been appointed to the board of FREDERICKS PLACE HOLDINGS. Mr R. H. S. Cattle has been appointed group finance director from September 1. Mr S. A. Goldsmith, Mr M. Kinney, Mr J. H. Seymour and Mr D. S. Raw have been appointed to the board of The Country Gentleman's Association. Mr K. C. E. Raw has retired. Mr J. A. Lytton has been appointed to the board of F.G.O. the group's corporate finance subsidiary.

Mr Michael Thorold-Palmer has been appointed a director of NEWSPRESS. Since 1980 he has been public affairs manager of Fiat Auto (UK).

MONENCO ASSOCIATES, Bristol, has appointed Mr Keith Marshall, Mr Brian R. Roberts and Mr Denis S. Stephens as executive directors.

APPLEYARD GROUP has appointed Mr Michael Williamson as chief executive from August 18. He was managing director of Pascon.

The following board changes have been made at YORK MOUNT GROUP. The new managing director of York Trust, has been appointed chairman, and Mr A. M. S. Pickering, chief executive of the West Yorkshire Enterprise Board, Mr K. M. Mellors, executive director of York Trust, and Mr M. C. Cowen, a partner in Booth and Co, a Leeds firm, have joined the York Mount board. Mr H. Turpin remains an executive director, together with Mr J. F. Sanderson, Mr F. G. Maitra and Mrs L. J. Turpin have resigned.

Further to the formation of NURDIN AND PEACOCK CASE AND CARRY the following appointments have been made from within the company. Mr Geoffrey Beer becomes director responsible for customer and external affairs and Mr Ken Harris (at present general manager at Numenton branch) personal director of operations. Three branch general managers, Mr Stuart Badman, Brighton; Mr Malcolm Carter, Wimbledon; and Mr Brian Escott, Cardiff, who will remain in their present positions, are made associate directors. Mr Geoff Monk, with responsibility for company advertising, is also made an associate director.

Mr T. W. E. Sallitt, a HAWKER SIDDELEY GROUP director, has been appointed to the board of Hawker de Havilland, Hawker Pacific, Hawker Siddeley Engineering, and Noyes Bros, all Australian-based Hawker Siddeley companies. Mr E. S. Price has been appointed deputy chairman of Hawker de Havilland and Hawker Pacific, and will become chairman of these companies on January 1, 1987 when Mr R. Kingsford-Smith retires. Mr Price has also been appointed

chairman of Hawker Siddeley Engineering and Noyes Bros. Mr J. B. Hattersley has been appointed managing director of Hawker de Havilland while Mr John de Gooch has been appointed director/general manager, Melbourne.

Mr Nicholas Covington of the Department of Employment has been appointed director of the OFFICE OF MANPOWER ECONOMICS from September 1, in succession to Mr Ronald Williams, who is retiring. The office is an independent non-statutory organisation responsible for servicing independent review bodies which advise on the pay of various public sector groups.

Mr C. Howard Rigby has been appointed director and chief executive of LINFORD BUILDING, construction subsidiary of FF & E. V. Linford.

BELLWAY (NORTH EAST) has appointed Mr Alistair Letich as financial director. He joins from Bellway (Scotland) where he was also financial director.

UNICHEM has appointed Mr Jeff Harris as finance director. He was chief financial officer.

Mr Gary Heyman has been appointed managing director of CAST FILM PRODUCTS, polypropylene film manufacturing division of the Viking Packaging Group. He was general manager.

DATA CARD (UK) has appointed Mr Harry Gibson as managing director. The new post is created by bringing together the previously separate operations of sales, service and manufacturing. Mr John Amies becomes new business development director of Data Card (Europe).

TRANSATLANTIC INSURANCE HOLDING has appointed Mr E. P. Greenfield and Mr M. Rapp as non-executive directors. Mr Greenfield is a former executive director of the Guardian Assurance Society and Mr Rapp is executive deputy chairman of Capital & Counties real estate subsidiary of the group. Mr Donald Campbell has been appointed chairman of Transatlantic and Mr Keith Wallis deputy chairman.

THERMALITE has appointed Mr Bob Jones as marketing director.

Mr Simon Shearer has been appointed administration manager in the new business department of STANDARD LIFE in Edinburgh. He was assistant projects manager (systems).

Mr Philip Robinson has been appointed group finance director of ATLANTIC COMPUTERS. He joins from BSR International, where he was group finance director. Mr Warren Palmer becomes executive director, corporate development. He previously held directorships in the European operations of Memorex and Recognition Equipment.

At SOUTHEAST STADIUM Mr Malcolm Dagnall has taken over as chairman from Mr Simon C. E. Watson who has resigned from the board.

MOULSON CHEMPLANT has appointed Mr Stephen Combs as a director.

Frost, who succeeds Mr Peter Drysdale who retired from the post at the beginning of the year, is currently assistant general manager of the Sun Life Assurance Society and was previously assistant general manager (investment) of The London and Manchester Assurance Group.

Mr S. J. Reeves has been appointed general manager of PRG ENGINEERING (UK).

Mr Keith Faulkner has been appointed northern region director of the heating and air conditioning division of SULZER BROS. (UK). He joined Sulzer Bros. (UK) in 1957.

Mr B. D. Joseph has been appointed manager of IML overseas and marketing department. He joins from Trel export sales division of TI Transport Equipment where he was general manager.

Mr Henry Samuels has been appointed managing director of TAYLOR NELSON FINANCIAL, financial market research division of Taylor Nelson. He has been with the company since 1984.

Mr Stephen Cope has been appointed a director of the insurance marketing division of

Lloyd's broker JARDINE GLANVILLE & CO. His special responsibilities include the national co-ordination and marketing of liability and professional indemnity insurance for major corporate clients. He was a director of Willis Faber's UK division in London.

Mr Roger Colomb has been appointed deputy managing director of TEXACO, London, with responsibility for financial, legal and information services. He will be returning to the UK from the Netherlands where, since 1983, he has been managing director of Texaco Olie Maatschappij.

Mr Tony Eestrick has been appointed general manager of the Wretheshaw division of FERRANTI COMPUTER SYSTEMS.

Mr David Hobson has been appointed a part-time member of the BUILDING SOCIETIES COMMISSION and Mr Gerald Watson becomes deputy chairman and a full-time member of the commission. Mr Hobson retired as senior partner of Coopers and Lybrand in 1983, and has been a part-time unpaid member of the No 70 Policy Unit since then. Mr Watson was head of the social services group in the Treasury.

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Table listing various insurance companies and their products, including Waverley Asset Management Ltd, Western Unit Trust Managers, and others.

Table listing various insurance companies and their products, including Equitable Life Ass Co, Hill Samuel Life Assur Ltd, and others.

Table listing various insurance companies and their products, including National Prudential Institution, N & G Group, and others.

Table listing various insurance companies and their products, including Provincial Life Assurance Co Ltd, Schroder Life Assurance Ltd, and others.



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INSURANCE, OVERSEAS & MONEY FUNDS

Table listing various insurance and overseas funds with columns for fund name, value, and change.

Table listing insurance and overseas funds, including sections for 'UK President' and 'UK Life Assurance Co. Ltd'.

Table listing insurance and overseas funds, including sections for 'Fidelity International Fund' and 'Henderson Admin. (Guernsey)'.

Table listing insurance and overseas funds, including sections for 'Merrills, Bils, Res. Shrs. Fd. Inc.' and 'NHL Samuel Fd. Mgrs. (Guernsey)'.

Table listing insurance and overseas funds, including sections for 'UK Life Assurance Co. Ltd' and 'UK Life Assurance Co. Ltd'.

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Money Market Bank Accounts and Money Market Funds sections.

TRADITIONAL OPTIONS 3-month call rates section.



COMMODITIES AND AGRICULTURE

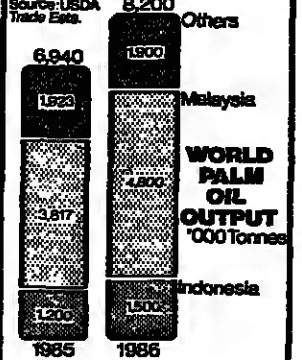
Palm oil prices hit fresh lows

BY JOHN BUCKLEY

PALM OIL prices have fallen to new all-time lows below \$190 per tonne on both the Malaysian origin market and the Rotterdam market this week as a flurry of nervous selling has developed ahead of expected record production figures.

demand for its cut price palm products which, like all primary commodities are suffering from the worldwide shortage of foreign exchange among developing country importers.

reverse that, however," one dealer notes. Meanwhile, palm oil's traditional number one customer, India, is steadfastly trying to cut intake by boosting domestic production.



there is little hope of palm struggling far out of its present trough until "something momentous happens, like the combined crop failure in Malaysia and the US in 1983. At best the market might clamber occasionally back to \$240-\$250, at worst it won't even build \$180," said one seasoned trader.

LONDON MARKETS

THE LONDON coffee futures market persisted with its imitation of a see-saw yesterday as speculators continued to climb on to any price movement in the hope that it might turn out to be a hand-wagon. The December position, which fell by \$85 on Monday and rose by \$60 on Tuesday, ended the day \$35 down at \$1,822.50 a tonne.

ALUMINIUM

Official closing (am): Cash 890-1 (281.5), three months 875-5.5 (280.5-1), settlement 881 (281.5).

INDICES

REUTERS Aug 14 Aug 15 15th ago Year ago 1481.8 1450.0 1414.8 1716.7 (Base: December 18 1981=100)

MAIN PRICE CHANGES

Aug 14 - 4 or Month 1986 - ago METALS Price Market 1986/87 1985/86 1984/85 1983/84 1982/83 1981/82 1980/81 1979/80 1978/79 1977/78 1976/77 1975/76 1974/75 1973/74 1972/73 1971/72 1970/71 1969/70 1968/69 1967/68 1966/67 1965/66 1964/65 1963/64 1962/63 1961/62 1960/61 1959/60 1958/59 1957/58 1956/57 1955/56 1954/55 1953/54 1952/53 1951/52 1950/51 1949/50 1948/49 1947/48 1946/47 1945/46 1944/45 1943/44 1942/43 1941/42 1940/41 1939/40 1938/39 1937/38 1936/37 1935/36 1934/35 1933/34 1932/33 1931/32 1930/31 1929/30 1928/29 1927/28 1926/27 1925/26 1924/25 1923/24 1922/23 1921/22 1920/21 1919/20 1918/19 1917/18 1916/17 1915/16 1914/15 1913/14 1912/13 1911/12 1910/11 1909/10 1908/09 1907/08 1906/07 1905/06 1904/05 1903/04 1902/03 1901/02 1900/01 1899/00 1898/99 1897/98 1896/97 1895/96 1894/95 1893/94 1892/93 1891/92 1890/91 1889/90 1888/89 1887/88 1886/87 1885/86 1884/85 1883/84 1882/83 1881/82 1880/81 1879/80 1878/79 1877/78 1876/77 1875/76 1874/75 1873/74 1872/73 1871/72 1870/71 1869/70 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CURRENCIES, MONEY and CAPITAL MARKETS

FOREIGN EXCHANGES

Dollar steady after weak start

THE DOLLAR opened lower from overnight levels but was confined thereafter to a narrow trading range. There was insufficient news to lift the current exchange prevailing in the market. Expectations of a cut in the US discount rate were behind the initial decline but many traders saw such optimism as a shade premature. West Germany's decision to leave its discount rate unchanged after yesterday's meeting of the Bundesbank central council also contributed to the weaker tone.

£ IN NEW YORK

Table with columns: Aug 14, Latest, Prev. close. Rows: Spot, 1 month, 3 months, 12 months.

Forward premiums and discounts apply to the US dollar.

against 71.6 at the opening and at Wednesday's close. The six-months figure was 73.6.

Sterling remained on the sidelines for much of the day, unaffected by unemployment figures or UK personal account. It closed at \$1.4985 from \$1.4980 and DM 3.06 compared with \$1.4970. It was also higher against the yen at ¥229.50 from ¥228.25.

council meeting and comments by Mr. Martin Bangemann, West German Economics Minister, that the authorities were not interested in a further dollar fall.

In the absence of any real news, due to the summer holiday season, the dollar was confined to a narrow range. Elsewhere the D-mark was generally firmer, improving against the French franc and fixed at record high of 1.68850 against the Italian lira.

The yen was firmer in quiet trading in Tokyo yesterday. The US dollar came under a little selling pressure amid growing speculation that the US authorities would cut the discount rate in the face of a sagging economy.

FINANCIAL FUTURES

Eurodollars firm

EURO-DOLLAR prices were higher in the London International Financial Futures Exchange yesterday. US Treasury bond futures also gained ground, helped by growing optimism on the chances of an early cut in the US discount rate.

The yen was firmer in quiet trading in Tokyo yesterday. The US dollar came under a little selling pressure amid growing speculation that the US authorities would cut the discount rate in the face of a sagging economy.

renewed demand and after opening at 83.85, which proved to be the day's high, the December contract for three-month Eurodollars touched a low of 83.79 in good two-way business and came back to 83.84 after the opening of Chicago before finishing at 83.82.

US Treasury bonds opened on a firmer note at 101-00 for September delivery up from 99-16 on Wednesday and touched 101-01 before being sold again.

on profit taking down to 100-25. This attracted renewed demand but values eased once more to break through 100-21 to a low of 100-14 after touching a high of 100-25. The price finished at 100-23 as further buying developed.

Significantly dealers reported signs of renewed retail demand with investors starting to take a renewed interest, so adding to a growing bullish undertone.

Sterling based contracts were generally firmer on an improved outlook for lower interest rates but tended to lock conviction ahead of any possible cut in rates by the US, Japan or West Germany.

Table: LIFE LONG CALL FUTURES OPTIMUS. Columns: Strike, Call, Put, etc.

Table: LIFE US TREASURY BOND FUTURES OPTIMUS. Columns: Strike, Call, Put, etc.

Table: LIFE E/S OPTIMUS. Columns: Strike, Call, Put, etc.

Table: LONDON 60 E/S OPTIMUS. Columns: Strike, Call, Put, etc.

Table: PHILADELPHIA S/E/S OPTIMUS. Columns: Strike, Call, Put, etc.

Table: LIFE-EURODOLLAR OPTIMUS. Columns: Strike, Call, Put, etc.

Table: LONDON 12% NOTIONAL GILT. Columns: Date, Price, etc.

Table: CERT. DEPOSIT (18M). Columns: Date, Price, etc.

Table: 10% NOTIONAL SHORT GILT. Columns: Date, Price, etc.

Table: CHICAGO THREE-MONTH EURODOLLAR (18M). Columns: Date, Price, etc.

Table: CURRENCY FUTURES. Columns: Currency, Price, etc.

Table: CURRENCY FUTURES. Columns: Currency, Price, etc.

POUND SPOT—FORWARD AGAINST POUND

Table with columns: Aug 14, Day's spread, Close, One month, % Three mths, % Six mths.

CURRENCY MOVEMENTS

Table with columns: Bank of England, Morgan Guaranty, etc.

DOLLAR SPOT—FORWARD AGAINST DOLLAR

Table with columns: Aug 14, Day's spread, Close, One month, % Three mths, % Six mths.

CURRENCY RATES

Table with columns: Aug 14, Bank, Special, European, etc.

EXCHANGE CROSS RATES

Table with columns: Aug 14, \$, DM, Yen, etc.

OTHER CURRENCIES

Table with columns: Aug 14, \$, etc.

STERLING INDEX

Table with columns: Aug 14, etc.

EURO-CURRENCY INTEREST RATES

Table with columns: August 14, Short term, 7 Days, 1 Month, etc.

EMS EUROPEAN CURRENCY UNIT RATES

Table with columns: Country, Currency, etc.

FT LONDON INTERBANK FIXING

Table with columns: Three months US dollars, Six months US dollars, etc.

MONEY MARKETS

UK rates stay the same

INTEREST RATES were virtually unchanged in London yesterday in very quiet and featureless trading. The spread on three-month interbank money narrowed to 3/16-1/4 per cent, a three per cent while other periods were much the same as on Wednesday.

NEW YORK RATES

Table with columns: (Lamchene), Prime rate, etc.

MONEY RATES

Table with columns: August 14, One month, Two months, etc.

\$ WORLD VALUE OF THE DOLLAR

BANK OF AMERICA NT & SA, ECONOMICS DEPARTMENT, LONDON

The table below gives the rates of exchange for the U.S. dollar against various currencies as of Wednesday, August 13, 1986. The exchange rates listed are mid-market rates between buying and selling rates as quoted between banks, unless otherwise indicated.

Table with columns: COUNTRY, CURRENCY, VALUE OF DOLLAR, etc.

The TRADAMATIC Currency, Metals & Financials Portfolio. 12 months ending December 31st 1985. \$50,000 Portfolio Gained \$94,000 to \$144,000.

Company Notices. THOMSON-BRANDT INTERNATIONAL B.V. US\$ 50,000,000. 8% GUARANTEED EQUITY NOTES DUE 1996.

INTEREST TEXAS FINANCE N.V. US\$100,000,000. Guaranteed Floating Rate Notes due 1989.

Art Galleries. MATTHESEN, 7-8 Mazon Way, Duke St, London SW1P 2JF.

Art Galleries. MATTHESEN, 7-8 Mazon Way, Duke St, London SW1P 2JF. Includes contact information and gallery details.



BRITISH FUNDS

Table of British Funds with columns for Name, Price, Dividend, and Yield. Includes sub-sections for 'Shorts' (Lives up to Five Years), 'Over Fifteen Years', and 'Index-Linked'.

AMERICANS—Cont.

Table of American Funds with columns for Name, Price, Dividend, and Yield.

LONDON SHARE SERVICE

BUILDING, TIMBER, ROADS—Cont.

Table of Building, Timber, and Roads shares with columns for Name, Price, Dividend, and Yield.

DRAPERY & STORES—Cont.

Table of Drapery and Stores shares with columns for Name, Price, Dividend, and Yield.

ENGINEERING—Continued

Table of Engineering shares with columns for Name, Price, Dividend, and Yield.

INDUSTRIALS—Continued

Table of Industrial shares with columns for Name, Price, Dividend, and Yield.

CHEMICALS, PLASTICS

Table of Chemicals and Plastics shares with columns for Name, Price, Dividend, and Yield.

DRAPERY AND STORES

Table of Drapery and Stores shares with columns for Name, Price, Dividend, and Yield.

FOOD, GROCERIES, ETC.

Table of Food, Groceries, and other shares with columns for Name, Price, Dividend, and Yield.

HOTELS AND CATERERS

Table of Hotels and Caterers shares with columns for Name, Price, Dividend, and Yield.

INT. BANK AND O.E.S. GOVT. STERLING ISSUES

Table of International Bank and Overseas Government Sterling issues with columns for Name, Price, Dividend, and Yield.

BANKS, HP & LEASING

Table of Banks, Hire Purchase, and Leasing shares with columns for Name, Price, Dividend, and Yield.

BEERS, WINES & SPIRITS

Table of Beers, Wines, and Spirits shares with columns for Name, Price, Dividend, and Yield.

CORPORATION LOANS

Table of Corporation Loans with columns for Name, Price, Dividend, and Yield.

LOANS

Table of Loans with columns for Name, Price, Dividend, and Yield.

AMERICANS

Table of American shares with columns for Name, Price, Dividend, and Yield.

BUILDING, TIMBER, ROADS

Table of Building, Timber, and Roads shares with columns for Name, Price, Dividend, and Yield.

ENGINEERING

Table of Engineering shares with columns for Name, Price, Dividend, and Yield.

INDUSTRIALS (Miscel.)

Table of Industrial (Miscellaneous) shares with columns for Name, Price, Dividend, and Yield.

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Spill in 1986

INDUSTRIALS—Continued

Table of industrial stocks including companies like British Airways, British Petroleum, and British Telecom, with columns for stock price, high, low, and volume.

LEISURE—Continued

Table of leisure stocks including companies like British Airways, British Petroleum, and British Telecom, with columns for stock price, high, low, and volume.

PROPERTY—Continued

Table of property stocks including companies like British Airways, British Petroleum, and British Telecom, with columns for stock price, high, low, and volume.

INVESTMENT TRUSTS—Cont.

Table of investment trusts including companies like British Airways, British Petroleum, and British Telecom, with columns for stock price, high, low, and volume.

FINANCE, LAND—Cont.

Table of finance and land stocks including companies like British Airways, British Petroleum, and British Telecom, with columns for stock price, high, low, and volume.

MINES—Continued

Table of mining stocks including companies like British Airways, British Petroleum, and British Telecom, with columns for stock price, high, low, and volume.

MOTORS, AIRCRAFT TRADES

Table of motor and aircraft trade stocks including companies like British Airways, British Petroleum, and British Telecom, with columns for stock price, high, low, and volume.

Commercial Vehicles

Table of commercial vehicle stocks including companies like British Airways, British Petroleum, and British Telecom, with columns for stock price, high, low, and volume.

Components

Table of component stocks including companies like British Airways, British Petroleum, and British Telecom, with columns for stock price, high, low, and volume.

Gearings and Distributors

Table of gearing and distributor stocks including companies like British Airways, British Petroleum, and British Telecom, with columns for stock price, high, low, and volume.

NEWSPAPERS, PUBLISHERS

Table of newspaper and publisher stocks including companies like British Airways, British Petroleum, and British Telecom, with columns for stock price, high, low, and volume.

PAPER, PRINTING, ADVERTISING

Table of paper, printing, and advertising stocks including companies like British Airways, British Petroleum, and British Telecom, with columns for stock price, high, low, and volume.

INSURANCES

Table of insurance stocks including companies like British Airways, British Petroleum, and British Telecom, with columns for stock price, high, low, and volume.

PROPERTY

Table of property stocks including companies like British Airways, British Petroleum, and British Telecom, with columns for stock price, high, low, and volume.

INVESTMENT TRUSTS

Table of investment trusts including companies like British Airways, British Petroleum, and British Telecom, with columns for stock price, high, low, and volume.

FINANCE, LAND, etc

Table of finance, land, and other stocks including companies like British Airways, British Petroleum, and British Telecom, with columns for stock price, high, low, and volume.

PLANTATIONS

Table of plantation stocks including companies like British Airways, British Petroleum, and British Telecom, with columns for stock price, high, low, and volume.

OVERSEAS TRADERS

Table of overseas trader stocks including companies like British Airways, British Petroleum, and British Telecom, with columns for stock price, high, low, and volume.

NOTES: Underwritten, underwritten, and other notes regarding the financial data and market conditions.

REGIONAL & IRISH STOCKS: A section listing regional and Irish stocks with their respective prices and volumes.

Recent Issues and Rights Page 25: Information regarding recent stock issues and rights, including details on share prices and terms.

Financial Times Friday August 15 1986: Footer information including the date and publication details.



LONDON STOCK EXCHANGE

Rise continues after early pause on BP share placing

Account Dealing Dates
Option
First Declared Last Account
Dealings from Dealings Due
July 28 Aug 7 Aug 8 Aug 15
Aug 21 Aug 28 Aug 28 Sept 8
Sept 11 Sept 11 Sept 12 Sept 22
Sept 22 Sept 22 Sept 22 Sept 22

Leading equities began cautiously on expectations of a pause in this week's sustained advance and on early speculation of an impending market development in British Petroleum. For an hour or more business was restricted by conjecture that a large share placing was taking place, and around mid-morning Guinness confirmed the sale of 18.8m BP shares which it inherited through the acquisition of Distillers.

recovery to around the 295m mark. Consequently, the shares dropped to 517p before closing the session 7 easier on balance at 524p. Other Composites drifted down in sympathy. Even General Accident, which pleased the market on Wednesday with a 25 per cent dividend increase and first-half profits of 548.4m against a £2.1m deficit, fell 15 to 815p, while Commercial Union relinquished 7 to 307p after comment on its half-year figures. Elsewhere, Life issues showed good advantage with Equity and Law outstanding for a gain of 12 at 253p.

FINANCIAL TIMES STOCK INDICES
Table with columns for Government Securities, Fixed Interest, Ordinary, Gold Mines, Ord. Div. Yield, Earnings Yield, P/E Ratio, Total Returns, Equity Turnover, Equity Ratios, Equity Traded, and S.E. ACTIVITY.

John Beales put on 3 at 156p following the preliminary figures, but reduced interim earnings left Corah a fraction off at 72p.

Britannia Arrow returned to prominence among Financials, rising 7 to 143p on revived speculative support. Elsewhere in Investment Trusts, unification hopes helped push Pacific Investment up 2 more to a new peak of 122p, while gains of 5 and 10 respectively were seen in Crescent Japan, 230p, and Drayton Japan, 745p. Foreign and Colonial hardened a penny at 84p following the half-year results.

All shares were overshadowed by developments surrounding EBP, but the overall tone remained steady. Shell touched 833p prior to closing 7 dearer at 830p, while British Petroleum hardened a penny to 122p, as did Enterprise, 745p. Ultram, however, dipped to a year's low of 125p before closing 2 cheaper at 126p, following comment on the interim results.

South African mining markets did little more than drift easier in extremely subdued trading. A lacklustre showing by bullion—initially 50.75 lower at 584.75 an ounce—prompted further small offerings from the Cape where the strength of Golds in Rand terms again led operators to realise profits.

Investors in London and New York were content to remain on the sidelines and, with a number of Continental centres winding down ahead of today's Assumption Day holiday, dealers expect the week to close on a quiet note. Nevertheless, losses among top-quality Golds still extended to 2 points as in Vaul Beeds, 540. Randtoren, 540 and "Amgold" 528, dipped 1 1/2 and 1 1/2 respectively, while Southwaal eased a half-point to 513. Smaller-priced counters also gave ground with Freegold 27 lower at 553p and Stillwater 18 cheaper at 344p. The FT Gold Mines index dipped 3.5 to 230.2.

London domiciled Financials, on the other hand, made fresh progress. Consolidated Gold Fields, firm of late reflecting revived takeover chatter and favourable Press comment, advanced 7 more to 466p, after 47p, while Interoil returned for 17 1/2, another 11 dearer at 524p—a rise of 37 so far this week. East Rand Consolidated hardened a few pence to 41p; the interim results are scheduled for Monday.

Platinum closed with modest losses following the downturn in the metal price, Rantenburg, 720p, and Impala, 740p, fell 15 apiece. Quietly mixed conditions prevailed in Australian mines, many investors appearing to be reluctant to risk fresh exposure to the sector ahead of next Tuesday's budget. Leading resource stocks featured CRZ, 5 up at 242p, and MIM, 3 dearer at 75p. Golds, however, reacted to small selling in the wake of the lower bullion price. Rescoed eased 8 to 112p, while Central Norseman dipped 10 to 423p.

Traded Option volumes decreased slightly with 14,820 contracts transacted, but business was relatively well distributed through the list. Recent favourites British Telecom and Hanson Trust were again to the fore, recording 1,532 and 1,456 calls respectively. British Petroleum were lively following the sale of Guinness's holding in the company with 503 calls and 931 puts done. Elsewhere, the FT-SE 100 contributed 803 calls and 789 puts.

EUROPEAN OPTIONS EXCHANGE
Table with columns for Series, Bid, Ask, and various market data for different series.

TRADITIONAL OPTIONS
Table with columns for Dealings, Last, and various market data for traditional options.

WEDNESDAY'S ACTIVE STOCKS
Table with columns for Stock, No. of Wed. changes, Day's change, and various market data.

YESTERDAY'S ACTIVE STOCKS
Table with columns for Stock, Closing price, Day's change, and various market data.

RISES AND FALLS YESTERDAY
Table with columns for British Funds, Corporations, Industrials, Financials, etc., and various market data.

Demand for the stock was such that application was scaled down heavily, forcing some institutions to top-up by purchasing in the market. As a result, the price of BP recovered strongly from a lower early level of 580p to a close of 8 up on the day at 598p. Guinness eased 3 to 327p.

The tone brightened immediately as BP news was out of the way. Barclays Bank prediction that UK base rates would fall to 8p by next week, after six months fostered a revival of cheaper money optimism and interest started to improve. Political considerations following Labour's retained lead in the latest opinion polls evaporated as prices regained early losses and moved into higher ground.

Confidence continued to grow throughout the afternoon and, after another impressive Wall Street opening yesterday, the FT indices again settled at the day's highest. The FT-SE 100 share index, after being 6.9 down at 10.46 am, closed a net 7.2 up at 1588.2, while the FT Ordinary share index finished 2.2 higher at 1263.4, after 1.256.4.

Potential buyers of gilt-edged securities were unable to resist a clutch of favourable influences, including interest rate hopes, stronger US bond prices, a good sterling exchange rate and a number of oil price endings. The recent buyers' strike touched off a recovery, extending to 7 1/2 in the long, before the gains were pared to around 1. Indexed-linked issues were unaltered but the authorities sold supplies of the recently-created tranche of Treasury 2 1/2 per cent 2020 at 95 1/2, and after-bought announced its exit.

Royal disappoints
Despite reporting interim profits of 587.4m against a loss of 17.8m, Royal's figures disappointed as dealers had expected a stronger profit.

improved 5 to 385p and Allied Colloids hardened a couple of pence to 197p.

Dixons firm
Cheaper money hopes helped leading Stores retain a firm bias. Dixons led the way with a rise of 10 to 354p, while Woolworth put on 15 at 655p. Elsewhere, the high volatile music attracted revived speculative support and closed 6 better at 30p, while Empire gained 4 at 190p as did A. G. Stanley, at 50p.

Leading Electricals failed to join the recovery movement, underlying sentiment in this area being unsettled by first quarter profits from Plessey at the lower end of expectations. Plessey drifted off in close 6 down at 194p, while the other two were marked against GEC, 186p, Rael, 178p, and British Telecom, 185p. Elsewhere, Chloride advanced 7 to 53p amid takeover speculation. But Cranbrook Electrical fell 4 to 51p on the half-year loss. Buying interest developed in Cap Group, which rose 10 to 185p, while Tele-metrix was noticeably up a rise of 8 at 62p. Fading bid hopes left United Scientific 10 cheaper at 148p.

Interest in the Engineering sector centred mainly around the takeover of the 22.92 million shareholding of a 11 at 130p on a revival of takeover rumours; Praeger House has a stake in the company. Buying ahead of the interim figures due to be announced early next month led Babcock 6 to the lead at 191p, after 190p, but further consideration of the prospectus statement prompted a reaction of 8 to 78p in Saville Gordon. Victor Products benefited from the recovery in the annual

profits and closed 8 to the good at 128p, after 130p. Speculative activity prompted a rise of 4 to 300p in the other hand, recorded the "A" shares 3 higher at 27 1/2p. Weir, interim results expected on August 27, put on 4 further to 117p.

Food Manufacturers closed with small irregular movements. Retailers continued to make progress. ASDA-MFI firmed 4 fresh to 144p, while J. Sainsbury gained to 385p on the news of a broker's circuit. Tesco, however, closed 3 cheaper at 338p, having touched 395p, initially. Elsewhere, Hillsdown firmed 2 to 203p following acquisition news, while Christian Salveson hardened a couple of pence to 150p on details of the sale of its householding subsidiary Wiclmar (Yorkshire) to C. H. Beazer for 212.6m. Beazer eased 4 to 212p. Carr's Milling moved up 9 to 187p in a restricted market, while Hazell-lottie added 2 to 146p following a Press mention.

A quiet Hotel sector showed Grand Metropolitan a shade dearer at 382p, but Ladbrokes 3 cheaper at 360p. Mount Charlemagne added 2 to 100p on Wednesday following confirmation of merger talks with Pleasura, eased a penny to 97p.

initially, leading issues picked up to close a few pence better on news. Among Leisure issues, USM-quoted Viewplan dipped 21 to 53p on the announcement that bid talks had been terminated. Miss World eased 5 to 178p following the interim results, but Fairline Boats, an old takeover favourite, revived with a gain of 5 to 156p. Among television issues, LW7 moved 18 to 357p in a restricted market.

Appleyard were a good feature in Motors, touching 155p before closing 8 higher on balance at 151p in respect to the good interim results. Hartwells added 5 at 90p, but British Car Auction, at 130p, lost 3 of the previous day's speculative rise of 5. Good Relations, having been sold down to a new low of 80p this week on news of resignations at its corporate communications unit, rallied 15 to 100p in reply to the interim results and accompanying encouraging statement. Olives Paper jumped 8 to 50p following the profits recovery and Saatchi and Saatchi, which had a look at 290p, possible Tokyo and New York listings with a fresh gain of 15 at 720p.

Deals in Wingate Property Investment resumed yesterday, following details of the 150p per share cash offer and proposed capital injection of some 547m over the next five years from secondary issues. The offer, following the takeover of New Zealand, Wingate's shares, suspended at 120p, were re-quoted at 175p and immediately soared to 320p prior to closing 160 up on the day at 290p. Other potential bid candidates in the Property sector were excited by the news with Inary, already in receipt of a bid offering, rising 5p to 380p. Watford, another potential bid candidate, closed 25 higher at 380p, a three-day gain of 70. Elsewhere, Speyhawk rose 15 to 415p on confirmation that the company had won the tender for the Cannon Street complex in London. Hambros Countrywide firmed 5 to 285p following results from subsidiaries Mann and Co and Bains Eves. Centrovital firmed 5 to 190p and Mountview Estates rose 20 to 740p.

Traded option activity instituted a good gain in Cornwalls which ended the session 8 higher at 260p, after 272p. Elsewhere in Textiles, Lister continued to reflect takeover speculation with a fresh rise of 12 to 112p, while High Mackay added 5 more to 113p for the same reason. Burnatex rose a further 8 at 182p and John Haggas firmed 4 to 148p.

Extel feature
Extel featured miscellaneous industrial advances to 423p before closing 2 1/2 higher on the day at 410p following buying on behalf of Mr Robert Maxwell: around 4m shares were reported to have been purchased in order to oppose Extel's proposed acquisition of Dealers Digest Inc. Elsewhere, Manchester Ship Canal contrasted with a fall of 20p to 340p following announcement that Gresham House and associates have no intention of accepting the Highways offer of 56.25 per ordinary share. Transatlantic buying followed a recent seminar in the US left Hawley 5 higher at 99p, while further persistent demand prompted a fresh gain of 8 to 58p in Ashley Industrial Trust. BBA on the other hand dropped 18 to 212p following news of the proposed 568.7m rights issue. Star Computer were supported at 102p, up 9, while gains of around 10 were recorded in Bodycote, 310p, Dweek Group, 138p, and Scapa Group, 267p. London International were in demand, ending the session 10 higher at 220p; earlier this week Soros Fund Management announced a 7.69 per cent stake in the company. Inclined easier

NEW HIGHS AND LOWS FOR 1986
Table with columns for NEW HIGHS (70) and LOWS (157) listing various stocks and their prices.

BASE LENDING RATES
Table with columns for Bank Name, Rate, and various market data.

FT-ACTUARIES SHARE INDICES
These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS & SUB-SECTIONS
Table with columns for Index No., Day's Change, Est. Earnings, and various market data for equity groups.

FIXED INTEREST
Table with columns for PRICE INDICES, British Government, and various market data for fixed interest.

LONDON TRADED OPTIONS

Table with columns for Calls and Puts, listing various options and their market data.

Get you



Just in time

WORLD STOCK MARKETS

Table of world stock markets including sections for Austria, Germany, Norway, Australia, Japan, Canada, Denmark, Italy, France, Netherlands, Switzerland, and Singapore. Each section lists various stocks with their prices and changes.

CANADA

Table of Canadian stock markets including Toronto and Montreal sections. Lists various stocks with prices and changes.

Indices

Table of various stock indices including New York Dow Jones, Japan Nikkei, and other regional indices. Shows index values and percentage changes.

OVER-THE-COUNTER

Table of over-the-counter stock prices, organized by stock symbols and listing their current prices and changes.

Table of NYSE Consolidated 1500 Actives, listing the most active stocks on the New York Stock Exchange with their volume and price changes.

Table of Chief price changes in London, listing various commodities and their price movements.

Table of price changes for various commodities and services, including flour, oil, and other goods.

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Prices at 3pm, August 14

NEW YORK STOCK EXCHANGE COMPOSITE PRICES

Main table containing stock prices for various companies, organized in columns with headers for stock names, prices, and changes. Includes sections for 12 Month High/Low, Stock, Div, Yld, P/E, and various company symbols.

Continued on Page 31



NYSE COMPOSITE PRICES

Table of NYSE Composite Prices with columns for 12 Month High/Low, Stock, P/E, % Chg, and various stock symbols.

Table of NYSE Composite Prices (continued) with columns for 12 Month High/Low, Stock, P/E, % Chg, and various stock symbols.

Table of NYSE Composite Prices (continued) with columns for 12 Month High/Low, Stock, P/E, % Chg, and various stock symbols.

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AMEX COMPOSITE PRICES

Prices at 3pm, August 14

Table of AMEX Composite Prices with columns for 12 Month High/Low, Stock, P/E, % Chg, and various stock symbols.

OVER-THE-COUNTER Nasdaq national market, 2.30pm prices

Table of Over-the-Counter prices with columns for Stock, Sales, High, Low, Last, and various stock symbols.

Table of Over-the-Counter prices (continued) with columns for Stock, Sales, High, Low, Last, and various stock symbols.

Table of Over-the-Counter prices (continued) with columns for Stock, Sales, High, Low, Last, and various stock symbols.



# FINANCIAL TIMES

## WORLD STOCK MARKETS

### WALL STREET

## Strength on lower rates optimism

CONFIDENCE in the downward trend of interest rates enabled Wall Street stocks to overcome some early profit-taking yesterday, writes Terry Byland in New York.

However, the advance faltered at mid-session when bond prices gave ground. At 3pm Dow Jones industrial average was up 2.81 at 1,847.30.

The advance in stock prices was hesitant, but analysts were impressed by the market's ability to resist profit-takers, who were expected to take advantage of this week's strong rebound.

Despite the mixed signals from the US, Japan and West Germany, Wall Street remained optimistic on prospects for another round of interest-rate reductions. Stock-market speculators were unwilling to allow share prices to fall back over this weekend although most European markets will be closed and action on global interest rates is thought unlikely.

On the domestic front, the market made little response to the minor gains in US retail sales and business inventories. Further data, due this week, is expected to confirm the sluggishness of the US economy.

The first signs of midsummer lethargy began to appear, but equity turnover speeded up when the market turned higher. Technology stocks, which have traced a mixed pattern recently, gave a good lead.

IBM gained \$1 to \$135 in brisk trading, and also active was Honeywell at \$67 1/2 on a rise of \$1 1/2. Burroughs, which said it expected to complete the Sperry merger today, edged up \$ 1/2 to \$72.

Among interest-orientated issues, bank stocks were generally firm although the weak spot was BankAmerica which returned to its low of \$12, later steadying to \$12 1/2, a net \$ 1/4 off after Mr Charles Schwab resigned from the board of the ailing Californian bank.

Navistar, formerly International Harvester, eased \$ 1/2 to \$7 1/2 in a selling spurt which followed disclosure of poor trading results.

The Detroit car stocks lost their shine as the major names trimmed production plans in the light of disappointing industry sales figures. General Motors, continuing to lose market share, gave up \$ 1/2 to \$7 1/2. Ford, strong earlier in the week, shed \$ 1/2 to \$59 1/2, and Chrysler lost \$ 1/2 to \$39 1/2.

Stock in CBS, the TV network operator sprang into the limelight again, surging nearly \$10 before steadying at \$143 1/2, a net gain of \$6 1/2 as the market pondered the outlook for the 23 per cent stake in CBS held by Loews Corp. Loews, at \$69 1/2, gained \$ 1/2.

Conifer, a Massachusetts bank, bounded \$ 1/2 to \$54 1/2 after spurring Fleet Financial in favour of a \$62-a-

share offer from Bank of New England. Stock in Ex-Cell-O jumped \$ 1 1/2 to \$76 1/2 after the board decisively rejected the offer of \$68 a share from Textron.

Preferred stock in NL Industries added \$ 1/2 to \$11 1/2 on an agreement with Amalgamated Sugar intended to lead to redemption of the preferred shares.

L'Air Liquide of France opened its \$29-a-share tender offer for Big Three, the Texan energy concern, which edged up \$ 1/2 to \$28 1/2. Hammermill Paper at \$64 1/2 added \$ 1/2 as International Paper began its tender offer of \$64.50 cash for each Hammermill share.

In the credit market, rates remained weak behind federal funds at 6 1/2 per cent - slightly higher than overnight but still at the lower end of the recent range. Some analysts believe the Fed may have already started to ease policy in order to stimulate the economy.

But bond prices began to erode at mid-day as European markets quietened down ahead of today's holiday in several centres.

### TOKYO

## Record run on massive buy orders

ANOTHER RECORD was reached in Tokyo yesterday as shares closed higher for the sixth consecutive trading day, writes Shigeo Nishiwaki of Jiji Press.

Large-capital heavy electricals and chemicals drew massive buy orders, with interest spreading to trading houses, general contractors and securities houses.

The Nikkei average gained 263.95 from the previous day to 18,284.71, eclipsing the previous high of 18,050.99 set on July 25. Volume totalled 1,606m shares, the second-heaviest on record, up from Wednesday's 1,540m. Gainers outpaced losers 432 to 400, with 120 issues unchanged.

Despite Bank of Japan governor Satoshi Sumita's negative stance on a fourth discount-rate cut this year, investor expectations were high for co-ordinated interest-rate reductions by Japan, the US and West Germany, which would drive leading stock markets up further.

Against this background, individual as well as institutional investors were active from the start of the session. But issues which led the market upswing that began on August 7 took a breather.

Toshiba topped the active list with 104.07m shares changing hands, rising ¥20 to ¥628. Mitsubishi Electric, fourth with 75.51m shares, advanced ¥4 to ¥470. Sumitomo Chemical gained ¥35 to ¥448 and Mitsui Toatsu Chemicals ¥29 to ¥425.

Toray and Teijin, both synthetic fibre makers closed ¥48 and ¥28 higher at ¥710 and ¥383, respectively.

However, recently selected steels and shipbuilders came under profit-taking pressure, with Kawasaki Steel falling ¥2 to ¥219, Nippon Kokan ¥4 to ¥249 and Ishikawajima-Harima Heavy Industries ¥4 to ¥427.

Buying interest in electric powers and gases weakened. Tokyo Gas dipped ¥1 to ¥878 while Tokyo Electric Power ended at ¥8,400, unchanged from the previous day.

General contractors performed strongly. Kajima leaped ¥70 to ¥1,150, Taisei ¥42 to ¥888 and Ohbayashi ¥37 to ¥887.

Trading houses were bought briskly, with Mitsubishi soaring ¥100 to a record ¥1,000, surpassing the peak of ¥1,020 reached in November 1979. C. Itoh added ¥54 to ¥834 and Mitsui and Co ¥32 to ¥843.

Securities houses also fared well on reports that the booming stock market would bolster the combined recurring profit of the "big four" brokerage houses in the year ending September by more than 60 per cent from the previous year. Nomura surged ¥200 to ¥3,300 and Daiwa ¥150 to ¥2,140.

Their strong performances triggered rises in other financial issues. Tokio Marine and Fire Insurance jumped ¥30 to ¥1,640 and Sumitomo Trust and Banking Corp ¥140 to ¥2,840.

Bond prices eased, undermined by selling by dealer sections in banks and securities houses for profit-taking, although expectations for co-ordinated interest-rate cuts by major advanced countries remained widespread.

The yield on the benchmark 6.2 per cent government bonds, maturing in July 1995, fell to 4.615 per cent in early trading. Later, selling increased as the yield slipped to nearly 4.600 per cent. The benchmark issue ended with a yield of 4.640 per cent, compared with the previous day's 4.635 per cent.

### SOUTH AFRICA

AFTER A WEEK of higher sessions, Johannesburg turned easier at the outset of trading and continued around the lower levels until the close.

Gold issues faded in reaction to a lower bullion price. Vaal Reefs gave up R8 to R300, and Driefontein eased 50 cents to R150.

Platinum turned lower, with Rustenburg down 75 cents at R52.25, and diamond share De Beers ended unchanged at R33.25.

Coal shares staged a muted rally after their recent slide on sanctions worries. Trans-Natal firmed 15 cents to R7.30, and Anglo American Coal added 25 cents to R29.

### EUROPE

## Stockholm creeps up to a peak

THE FOCUS of attention on the European bourses remained fixed on Sweden and the Netherlands yesterday as many investors prepared for today's market holiday.

Stockholm hit a new peak in moderately high turnover. The advance was not uniform, however, with some leading blue chips showing falls.

Volvo was one of the most active with its SKR 2 gain to SKR 405 while ElectroLux, also busy, retreated SKR 1 to SKR 304.

Pharmacia and Asea released results after the close of business: the former finished steady at SKR 208 and the latter shed SKR 1 to SKR 379.

Amsterdam held steady at its recently established peak as foreign support dried up and local profit-takers reasserted their influence. The ANP-CBS General index was unchanged at its peak of 297.7.

Nedlloyd, which also reported a sharp fall in profits for the first half, dropped FI 2.00 to FI 161.00.

Paper group KNP advanced FI 2.30 to FI 166 on its jump in earnings while publisher VNU spritced FI 6.00 to FI 348.

KLM was an early feature with its FI 2.70 drop to FI 47.60 after revealing a 29



per cent drop in first-quarter profits due to the effects of the dollar and intense price competition.

Philips retreated 80 cents to FI 152.60 on profit-taking after its higher results released on Wednesday.

Frankfurt was narrowly mixed on a mild bout of profit-taking and some unease over the weaker dollar. News that the Bundesbank had not altered its credit policy had little impact on trading.

The Commerzbank index, nevertheless, managed to show a mid-session gain of 14.6 to 2,034.8.

Car makers showed some of the largest falls. Porsche, reflecting the easier dollar, retreated DM 12 to DM 1,075. Daimler lost DM 11.50 to DM 1,247 and VW was DM 3 cheaper at DM 532.

Banks were broadly lower, with Deutsche Bank down DM 1.50 to DM 827 and Dresdner Bank off DM 2.50 to DM 441.50. Insurer Allianz moved against the trend with its DM 35 rise to DM 2,470.

Bayer put on the best showing in a largely stable chemicals sector as it rose DM 1.20 to DM 288.20.

Deutsche Babcock, which forecast im-

proved earnings for the current year, rose DM 4.00 to DM 187.00.

Sports goods group Puma was actively higher again with its DM 288 jump to DM 1,388. Other strong features of the session were AEG, up DM 5 at DM 312, and Nixdorf, DM 4.20 higher at DM 643.20.

Bonds were active on strong foreign support pushing prices up 49 basis points on interest-rate speculation. Sentiment was underpinned by the lower dollar and the overnight gains in the US credit markets.

The average yield on public-authority bonds eased one basis point to 5.63 per cent, according to Bundesbank data. The central bank sold DM 60.3m worth of paper after buying DM 3.5m on Wednesday.

Milan was buoyed by strong demand for insurers. Sentiment continues to be underpinned by the belief that the official discount rate will be cut soon and by the strong earnings performance of some leading industrialists.

Volume was boosted by yesterday's monthly deadline for option conversions, today's national holiday and Monday's settlement session.

General jumped L5,100 to L152,400 as Ras rose L2,600 to L57,500 and Toro closed steady at L38,450.

Buitoni to the food sector gained L785 to L10,495 in continued response to the end of the "pasta war" between the US and the EEC.

Paris was mixed to higher in moderate pre-holiday volume partly ascribed to a strong overnight showing on Wall Street and the lower French July inflation figures.

Zurich posted widespread gains with some softness detected among banks and insurers. Bonds were actively higher on interest rates. Brussels finished mixed, and Madrid was buoyed by banks and constructions. Oslo had another busy session and closed mixed.

Zurich posted widespread gains with some softness detected among banks and insurers. Bonds were actively higher on interest rates. Brussels finished mixed, and Madrid was buoyed by banks and constructions. Oslo had another busy session and closed mixed.

### LONDON

## Boosted by BP share placing

LEADING EQUITIES continued to rise in London after a cautious start on early speculation of an impending market development in British Petroleum, up 8p at 588p, and around mid-morning Guinness, 3p lower at 327p, confirmed the sale of 18.8m BP shares.

UK broker Hoare Govett and US investment house Salomon Bros combined to set a market precedent, giving London the first taste of the type of deal likely to feature regularly after the Big Bang on October 27. They bought the BP shares in a single block trade at a price of 575p a share. Hoare Govett later placed in the traditional way 14.8m shares with institutions worldwide at a slightly higher level, believed to be 578p.

Confidence continued to grow throughout the afternoon, and the FT-SE 100 share index closed a net 7.2 up at 1,588.2 while the FT Ordinary share index finished 2.2 higher at 1,263.2.

The ending of the recent buyers' strike touched off a recovery in gilts extending to 1/2 in the longs before the gains were pared to around 1/2.

Chief price changes, Page 28; Details, Page 28; Share information service, Pages 26-27.

### AUSTRALIA

SENTIMENT REMAINED bullish in Sydney ahead of Tuesday's budget announcement, and prices ended firmer in most sectors.

The All Ordinaries share index continued to inch ahead with a gain of 3.6 to 1,163.8 while the All Industrials added 7.6 to 1,853.9.

Quality industrials were the chosen sector of the day, offsetting a worse than expected July current account deficit of A\$1.56bn.

Brambles, the transport group, put on 12 cents to A\$6.20 while BHP added 4 cents to A\$8.30.

Gains filtered through to other issues, especially in the property, finance and media sectors.

Lead Lease advances 10 cents to A\$8.50, and Hooker rose 5 cents to A\$2.35 while News Corp added 60 cents to A\$22.90 and Industrial Equity ended 10 cents higher at A\$6.50.

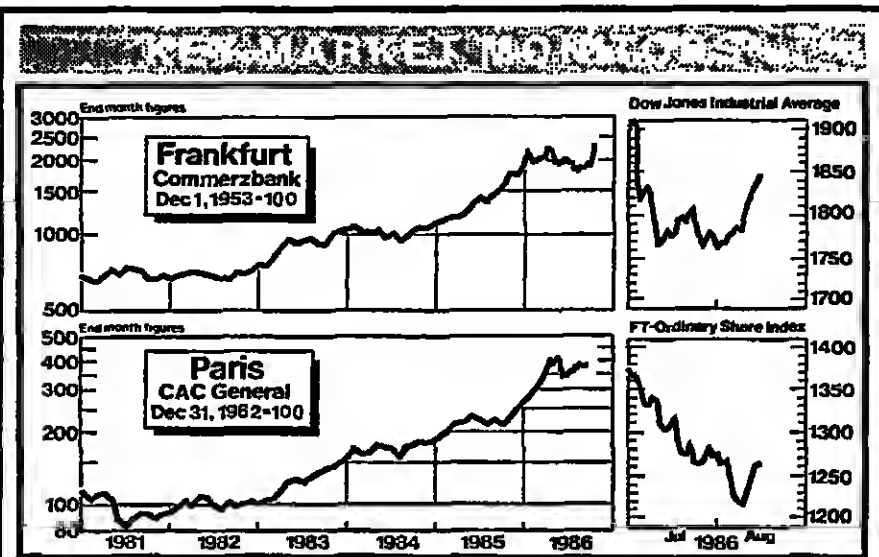
### HONG KONG

EARLY GAINS in Hong Kong were slightly eroded by profit-taking, but most shares managed to hold on to some of their rises.

The Hang Seng index, which broke through its high of 1,931.29 at one stage early in the day, ended up 17.14 at 1,925.18.

Speculation that interest rates would fall bolstered property issues. Cheung Kong rose 20 cents to HK\$24.30, Hongkong Wharf a similar amount to HK\$8.10, Hongkong Land 10 cents to HK\$6.35 and New World Development 25 cents to HK\$6.60.

Overseas buying boosted commercial and industrial issues, with Hutchison Whampoa 25 cents higher at HK\$33.75 and Jardine Matheson 10 cents up at HK\$15.40.



### STOCK MARKET INDICES

NEW YORK	August 14	Previous	Year ago
DJ Industrials	1,847.30*	1,844.49	1,318.98
DJ Transport	752.00*	748.13	674.16
DJ Utilities	203.87*	209.16	156.19
S&P Composite	246.32*	245.67	187.41

LONDON	FT Ord	1,263.2	1,261.0	976.7
	FT-SE 100	1,588.2	1,581.0	1,293.1
	FT-A All-share	783.63	780.13	628.53
	FT-A 500	661.63	657.75	685.96
	FT Gold mines	230.1	233.7	330.3
	FT-A Long gilt	9.53	9.55	10.30

TOKYO	Nikkei	18,284.70	18,000.76	12,419.6
	Tokyo SE	1,515.09	1,495.14	1,000.04

AUSTRALIA	All Ord.	1,163.8	1,160.2	956.4
	Metal & Mins.	536.5	537.0	553.3

AUSTRIA	Credit Adkln	233.69	233.70	184.54
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BELGIUM	Belgian SE	3,809.49	3,806.59	2,320.44
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CANADA	Toronto	2,062.8*	2,069.6	2,073
	Metal & Mins	3,033.4*	3,038.9	2,783.1
	Montreal	1,515.77*	1,519.35	136.03

DENMARK	SE	203.44	208.03	213.18
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FRANCE	CAC Gen	385.30	384.00	216.0
	Ind. Tendence	148.20	147.20	79.5

WEST GERMANY	FAZ Aktien	874.30	869.93	481.67
	Commerzbank	2,034.60	2,020.00	1,420.00

HONG KONG	Hang Seng	1,925.18	1,908.02	1,691.73
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ITALY	Banca Comm.	765.09	749.99	351.02
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NETHERLANDS	ANP-CBS Gen	n/a	297.70	216.1
	ANP-CBS Ind	298.60	298.70	190.0

NORWAY	Oslo SE	348.19	348.03	345.07
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SINGAPORE	Straits Times	802.82	797.50	751.56
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SOUTH AFRICA	JSE Golds	-	1,572.6	912.8
	JSE Industrials	-	1,296.0	927.2

SPAIN	Madrid SE	181.68	187.88	81.78
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SWEDEN	J & P	n/a	2,592.54	1,842.01
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SWITZERLAND	Swiss Bank Ind	537.40	537.30	459.5
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WORLD	Aug 13	Prev	Year ago	
	MS Capital Int'l	345.1	340.7	217.0

COMMODITIES	Aug 14	Prev
(London)	Aug 14	Prev
Silver (spot fixing)	354.50p	365.25p
Copper (cash)	£879.75	£880.50
Coffee (Sept)	£1,812.50	£1,847.50
Oil (Brent blend)	\$14.00	\$14.00

GOLD (per ounce)	Aug 14	Prev
London	\$384.75	\$385.50
Zurich	\$384.20	\$385.50
Paris (fixing)	n/a	\$386.09
Luxembourg	\$384.75	\$385.25
New York (Dec)	\$393.70	\$391.70

### CURRENCIES

US DOLLAR	Aug 14	Previous	Aug 14	Previous
(London)	-	-	1.4935	1.4860
\$	2.0620	2.0700	3.080	3.075
DM	153.70	154.25	229.5	229.25
Yen	6.7075	6.7350	10.0175	10.010
SFR	1.6620	1.6700	2.4825	2.4825
Guilder	2.3235	2.3320	3.470	3.465
Lira	1.4195	1.4235	2.120	2.11525
FFr	42.65	42.80	63.70	63.60
C\$	1.3955	1.3985	2.0685	2.0620

INTEREST RATES	Aug 14	Prev
Euro-currency (3-month offered rate)		
\$	8 1/2	9 1/2
SFR	4 1/2	4 1/2
DM	4 1/2	4 1/2
FFr	7 1/2	7 1/2

FT London Interbank fixing (offered rate)	3-month US\$	6 1/2	6 1/2
	6-month US\$	6 1/2	6 1/2
	US Fed Funds	6 1/2	6 1/2
	US 3-month CDs	5.85*	6.225
	US 3-month T-bills	5.56*	5.72

US BONDS	Aug 14	Prev		
Treasury				
6% 1988	100 1/2	6.399	100 1/2	7.365